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NEWS SUMMARY

NERAL

›oviet eir pparent ies

Fyodor Kulakov, a member he Kremlin Politburo, died erday. He had been widely ed as a successor to the iet President, Mr. Leonid zhnev.

is death creates the first tburo vacancy since 1977, n Mr. Nikolai Podgorny, the ner President, was removed. further complicates the stion of who will eventually eed Mr. Brezhnev.

he Soviet news agency Tass that he died suddenly of a rt attack. The funeral for Mr. akov, aged 60, will be held Red Square, an honour ited only to the Soviet on's most prominent figures k Page

iddle East lks resume

dle East peace talks resume ry at Leeds Castle, Kent, with pt and Israel still sharply ded. The Israeli Foreign ister, Mr. Moshe Dayan, has n ordered not to discuss pt's latest proposals with his ptian counterpart, Mohammed ihim Kamel.

eathrow airport was under vy guard for the arrival of foreign ministers and Mr. us Vance, U.S. Secretary of te. Army marksmen overed the arrival area and access ds were guarded by tanks and moured cars. Page 6

atah accuses

Fatah, the main Palestinian rrilla group, has accused Iran using diplomatic bags. Iraq ways and embassies abroad to d arms to terrorists to assassi- Arab and Palestinian ders. Page 3

exican tanker ash: 15 dead

e death toll from the Mexican tanker explosion has risen to More than 150 people were lly burned. At least 10 other hicles, including five buses, shed into the tanker, and ses within a six-mile radius re damaged.

The death toll from last week's anish holiday camp disaster lso caused by a tanker plosion—has now reached 150. Britain, a Tory MP, Mr. trick McNair-Wilson, called special routes for road kers carrying dangerous micals. Page 5

AU discord

agreements at the Organisa- of African Unity's council of nisters has heightened fears the split between "pro- ssives" and "moderates" will len at the OAU summit start- today. Page 3

eform plans

our's Home Policy Committee approved recommendations reorganisations of the Civil vice. However, it has not yet de any recommendations on ls on National Front activity an ending the "patrial" status available to some Common- alth citizens

riest flees

e Rev. Theo Kotze, former stern Cape director of the nned Christian Institute, has t South Africa and is believed be in Botswana

riefly . . .

e Greek Cypriot chief gotiator in peace talks with rkish Cypriots, Mr. Tassos padopoulos, was dismissed er being accused by President prianou of "blind ambition d tragic mistakes." Page 2

arly a million Britons are fail- to claim supplementary nefits worth a total of around 00m, says the Supplementary nefits Commission. Page 23

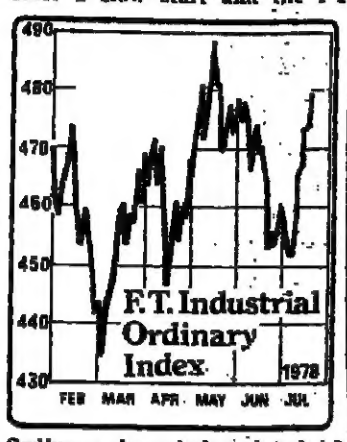
ty-nine people were killed en a bus plunged into the Nile m a Cairo bridge.

lays at UK airports, caused by ffic control disputes on the ntinent, eased but many ssengers were still held up for eral hours. Page 6

BUSINESS

Equities up 4.9; Gilts improve

● EQUITIES moved forward after a slow start and the FT



Ordinary share index closed 4.9 higher at 479.3, its best closing level for more than two months.

● GILTS made gradual progress, and longs closed with rises of ½. The Government Securities index rose 0.24 to 70.50.

● DOLLAR was given a slight boost by initial reaction to the Bonn Summit. Its trade-weighted depreciation narrowed to 7.5 per cent (7.7). STERLING lost 25 points against the dollar to $1.8800 and its trade-weighted index closed at 62.1 (62.0).

● GOLD lost $1½ to $184¾ in London, and in New York the Comex July settlement price fell $1.70 to $184.30.

● WALL STREET closed 0.78 down at 839.05.

● U.S. TREASURY bill rates were: threes, 7.113 per cent (7.188) and sixes, 7.407 per cent (7.515).

● HEARING today of Burmah Oil's application for a court order compelling the Bank of England to disclose 62 documents in connection with its £500m action against the Bank concerning its former shareholding in BP has been postponed. No new date has yet been set.

● BSC and the National Enterprise Board are holding talks to separate the loss-making Redpath Dorman Long division from the parent corporation and possibly to allow private sector of industry to take a share in RDL. Page 5

● LEYLAND VEHICLES managing director, Mr. Des Pitcher, has resigned after only 18 months, following speculation about a shake-up at the truck and bus manufacturing subsidiary of British Leyland. BL chairman, Mr. Michael Edwardes has said he was not satisfied with Leyland Vehicles' productivity record. Page 5

Retail sales near peak

● RETAIL SALES continued to advance last month and are now approaching the peak levels of 1973 and 1974, according to provisional Department of Trade figures. The retail sales increase over the first half of 1978 is matched by a similar gain in industrial output. Back Page

● PRICE COMMISSION chairman has urged the merger of the Monopolies Commission with the Price Commission. Page 3

● CEGB plans to place orders worth about £275m in the next few months for the Drax B coal-fired power station, due to be completed in 1986. Page 6

● ABBEY NATIONAL Building Society has said that current difficulties in attracting funds should not lead to an immediate cut-back in mortgages by building societies. Page 3. Abbey assets rose during the first half of 1978 by 8.3 per cent to £5.86bn, with receipts reaching a record £1.37bn, withdrawals £941m and advances £710m (£433m). Page 24

COMPANIES

● MONTAGUE L. MEYER second half profits fell from £6.63m to £5.48m leaving the pre-tax figure for the year to March 31 at £12.95m (£14.29m). Page 24 and Lex

HIEF PRICE CHANGES YESTERDAY

rices in pence unless otherwise indicated)

RISES

chq 3pc 1983	£80¼	+ ¼
cheq. 13¼pc 1996	£106¼	+ ¼
rclays Bank	332	+ 6
mpari	124	+ 6
rapipe	134	+ 4
ll	144	+ 8
dens	67	+ 4
neral Accident	216	+ 8
rdon and Gotch	83	− 8
N	270	+ 6
wker Siddeley	218	+ 6
llards	230	+ 7
l	392	+ 7
Trust Corp.	257	+ 12
e Cooper	125	+ 6
ackinnon (Sctlnd.)	314	+ 13
Meggitt	20	+ 2½
Monk (A.)	89	+ 5
Morris and Blakey	72	+ 9
Nova (Jersey)	45½	+ 3½
Pilkington	558	+ 18
Rolls-Royce	97½	+ 3½
Rothschild Inv.	209	+ 17
Staveley	296	+ 14
Vinten	129	+ 8
Wallis	150	+ 7
Westinghouse Brake	56	+ 4
Weston-Evans	125	+ 15
Yorkshire Chems.	109	+ 5
Conzinc Riotinto	242	+ 8
Northgate Explorn.	445	+ 40
Saint Piran	54	+ 5
Westfield Minerals	150	+ 42

FALLS

Coral Leisure	93	− 3
Gestetner A	172	− 4

Bonn summit ends with specific pledges

FINANCIAL TIMES REPORTERS: BONN, July 17

LEADERS OF the world's seven largest industrial democracies tonight anounced agreement on a package of specific, independent measures which they claimed would boost economic growth, reduce inflation, cut energy imports and ward off protectionism.

Few of the actions promised are new, however. Most of them involve a reiteration of previous undertakings or the formal confirmation of steps known to be under consideration in the national capitals.

In contrast with last year's London world summit, at which governments committed themselves to short-term growth targets without saying how they would be achieved, the emphasis this year is on medium-term measures with a minimum of precise goals.

Few of hte proposals are likely to have any significant effects until well into next year and will probably have only a modest impact on overall growth rates. In some cases, their results may not be seen until the next decade.

President Jimmy Carter said that the leaders had taken care not to promise more than they could deliver. Each leader had gone to the limit within the bounds of political actuality to make the maximum contribution to the common goal.

THE U.S. will put into effect by the year-end measures to cut oil consumption and imports;

WEST GERMANY will introduce an expansionary economic package later this summer;

JAPAN will limit its exports and boost imports;

FRANCE pledged to increase its public borrowing to boost growth rate;

ITALY promised to create investment;

CANADA aims to achieve higher growth and output;

THE UK made no new commitments beyond its most recent Budget.

Mr. James Callaghan said that the most important British priority was to continue the fight against inflation in order to step up trade and output and to boost the level of employment.

The modest aspirations of the summit were reflected by several leaders. Mr. Takeo Fukuda, Prime Minister of Japan, said that none of them had expected a miracle but that, given their various difficulties, they had agreed not to criticise each other's pledges.

Mr. Carter said that the meeting had produced more than he had expected.

The individual contribution of each country has been tailored to its particular economic position. The main features of the package are:

GERMANY: Bonn will propose to the Bundestag "additional and quantitatively substantial" measures up to 1 per cent of gross national product (D-marks 13bn). The exact size of the boost will be determined by 'the absorptive capacity of the capital market and the need to avoid inflationary pressures."

Later this evening, Helmut Schmidt, Chancellor, indicated that "tax measures would play an important role" in the package.

UNITED STATES: President Carter pledged to have a "comprehensive energy policy" in place by the end of this year; when measures will be in effect that will produce oil import savings of about 2.5m barrels per day by 1985. Strategic oil reserves will be raised, coal output increased by two-thirds and oil import volume in 1978-79 cut below last year's level.

The communique did not specify how these goals would be achieved. He pledged to continue efforts to get his Energy Bill passed by Congress, but left the clear impression that he might resort to independent executive action if necessary.

On economic policy, top priority will be given to fighting inflation through strict budgetary stringency in the form of reduced public spending and smaller tax cuts over the next three years.

The U.S. has forecast real growth rates of 4 per cent annually next year and in 1980.

Continued on Back Page

PACT ON TERRORISM

Countries who refuse to extradite or prosecute terrorists and hijackers, or refuse to return hostages and aircraft, face a total suspension of air traffic connections with the seven States taking part in the Bonn summit.

Details and U.S. doubts on Bremen currency scheme Back Page
Summit Notebook Page 2; Editorial comment Page 14
The Financial Times team in Bonn is: Jonathan Carr, Adrian Dicks, Guy de Jonquieres and Peter Riddell.

Bank relieves pressure on interest rates

BY MICHAEL BLANDEN

THE Bank of England took action yesterday to relieve the upward pressure on interest rates which could result from severe shortages of funds expected in the money markets over the next few weks.

Th banks are to be allowed to keep for another seven weeks some £440m of funds which were due to be paid to the Bank as special deposits next Monday.

It was stressed yesterday that the move did not represent a change of policy and was not intended to offset the pressures on the banks resulting from the re-imposition of the so-called corset controls on the growth of their deposits early last month.

Squeeze

It was designed as a technical operation to smooth the flows of funds in the money markets and to relieve a potential squeeze on the reserve asset position of the banks.

The market has already been experiencing a severe shortage of money, partly resulting from the amount of funds mopped up by the heavy sales of gilt-edged stocks in the period immediately following the corset move.

The shortages are expected to persist for the next few weeks as a result of the flows of government revenue and spending, and could cause unnecessary fluctuations in short-term interest rates.

Released

The funds concerned are part of the special deposits which the banks are required to keep with the Bank under official controls. About £650m of these were released to the banks temporarily last month when the pressures first became evident, with a reduction in the rate of call of special deposits from 3 to 1½ per cent of the banks' main deposit funds.

The call was restored to 2 per cent on July 3, but the recall of the remaining 1 per cent has now been postponed from July 24 to September 11.

£ in New York

—	July 17	Previous
Spot	$1.8870-8890	[illegible]
1 month	0.55-0.49 dis	0.41-0.35 dis
3 months	1.27-1.21 dis	1.23-1.16 dis
12 months	4.90-4.70 dis	4.80-4.60 dis

Police 40% wage rise will be paid in two stages

BY CHRISTIAN TYLER, LABOUR EDITOR

THE POLICE are to receive in two stages a pay rise of more than 40 per cent as a result of what is probably the largest special award to a major group of employees.

Mr. Merlyn Rees, Home Secretary, announced in the Commons that average increases of 20 per cent would be paid from September 1, with more than 20 per cent 12 months later.

The second payment will be increased in the light of movement of earnings elsewhere. The cost was about £250m, Mr. Rees said.

A committee of inquiry under Lord Edmund-Davies recommended in its report published yesterday that the full award should be implemented in September. The increase ranges from 30 to 45 per cent, but some chief constables will receive more than 56 per cent by next autumn.

The committee's findings came on the eve of the Prime Minister's meeting with the TUC general council on the forthcoming White Paper for Stage Four of the incomes policy.

Ministers are considering a national earnings target of 5 to 7 per cent increases.

Other special cases given forward commitments during the present 10 per cent income policy include the firemen, the armed forces, doctors and university teachers.

Mr. William Whitelaw, shadow Home Secretary, said the next Conservative government would implement the full police increase without delay. He was accused of electioneering by Mr. Bob Mellish, Labour MP for Bermondsey.

The committee was set up after the collapse of the police negotiating body, and pay grievances that led to demands for the right to strike. Its report rejects those demand as contrary to the nation's interests. "Even the threat of a police strike could be very damaging to the state of law and order" it says.

It calls for rapid re-establishment of a negotiating body, with some changed representation on the employers' side, and with an independent chairman and secretariat.

The increase in violent crime and terrorism, the disruption to policemen's domestic life and the advance of sophisticated crime-fighting equipment are given as evidence of the greater responsibilities of policemen.

In a passage that will encourage Ministers to believe the award will not have repercussions elsewhere, the committee says it found it impossible to equate police work with any other when it came to determining pay.

A new London allowance of £650 per annum will also be paid in two stages, but pensions will be calculated as if the award was paid in full in September. Officers in Northern Ireland will receive an allowance of £500 per annum.

The employers' side said the award which was widely welcomed by the police themselves, would increase manpower by thousands and restore morale.

Sir David McNee, Metropolitan Police Commissioner, said the award would help London's greatest manpower problem, which is wastage.

Fending off a charge from his own backbench that police pay was a lesson to the Government to keep out of free collective bargaining, Mr. Rees said that it could not be left to the free market.

"The police themselves would lose by it, and in my view, so would anybody else in the public sector."

Parliament, Page 8
Editorial comment, Page 14

POLICE PAY
(exclusive of rent allowance)

Rank	Present	Recommended
Constable	£2,775-£3,918	£3,600-£5,700
Sergeant	£3,918-£4,812*	£5,450-£6,590*
Inspector	£4,583-£5,538*	£6,250-£7,440*
Chief inspector	£5,295-£6,282*	£7,100-£8,235*
Superintendent	£7,074-£8,874*	£9,800-£11,775*
Chief constable	£10,606-£14,410	£16,600-£20,500

* London rate—London officers' £319 per annum weighting to continue, and new allowance of £650 per annum to be paid in addition. Ulster officers to receive a £500 per annum allowance.

State chairmen make pay plea

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

NATIONALISED industry chairmen are to urge Mr. Denis Healey, Chancellor, tomorrow to design the Government's pay limits for the coming year so that there is a fixed percentage amount to be used for solving anomalies and other wage structure problems on top of a basic norm.

The issue of whether there should be a single or a split pay norm is one of the main points to be discussed in a final series of meetings within the next few days before the Government publishes its White Paper on pay.

The meetings start tonight with the full TUC general council seeing Mr. James Callaghan who is then to meet leaders of the Confederation of British Industry tomorrow morning.

Later in the afternoon the confederation's monthly council meeting will decide its views, and its leaders will then meet Mr. Roy Hattersley, Prices Secretary, in the evening to urge that the Government should abandon its present system of threatening companies which break the pay limits with sanctions over State aid and contracts.

The argument for a split pay norm will be put tomorrow afternoon to Mr. Healey by a small delegation from the nationalised industries' chairmen's group, led by Sir Peter Parker of British Rail.

The chairmen are worried about the pay differential and other problems which have built up in their industries because their wage deals have been so tightly monitored by the Government. To solve this they want a specific amount—say 2 per cent on top of a 5 per cent basic norm—to be set aside. They believe that, if such an amount is not specified, they will be forced in union negotiations to award all of what is allowed in general increases, which would

Continued on Back Page

Investment banks in share talks

BY MARY CAMPBELL

THE LONDON-BASED international investment bank Crédit Suisse White Weld and the U.S. investment bank First Boston Inc, are negotiating a shareholding swap, CSWW announced in London last night. First Boston is seeking to acquire White Weld's former 30 per cent stake in CSWW.

At the same time, CSWW would replace the foothold in New York which it lost when it sold its stake in White Weld, a U.S. investment bank, to Merrill Lynch, another such bank, by buying a stake in First Boston.

If agreement is reached, it will be subject to further corporate and other approvals including approval by the Swiss National Bank, the statement said.

No further comment was available last night but CSWW is expected in the City to acquire a shareholding in First Boston of about the same size as the 30 per cent which White Weld formerly held in CSWW.

This holding was sold to Crédit Suisse as a result of the Merrill Lynch acquisition of White Weld. The purchase pushed Crédit Suisse's holding in CSWW from 46 per cent to 77 per cent. The new arrangements are expected to cut it back to its original size.

The net worth of CSWW and First Boston are similar—the former at the equivalent of about $93m (£51m) and the latter at about $85m. This means that the mutual acquisition of shareholdings of similar size would cost each institution approximately the same amount.

It was not clear last night how CSWW would buy such a large stake in First Boston, which is a publicly-quoted company. It could seek to purchase the shares in First Boston held by the Mellon family, or buy shares in the open market, but these options were considered unlikely.

More likely would be for First Boston to sell CSWW newly-issued shares, making use of the fact that its authorised capital is considerably larger than its issued capital.

This would involve a capital injection into First Boston of over $30m. White Weld sold its stake in CSWW for some $27m

CONTENTS OF TODAY'S ISSUE

For latest Share Index 'phone 01-246 8026

EUROPEAN NEWS

Unions accept restructure of Spanish shipbuilding

BY OUR OWN CORRESPONDENT MADRID, July 17.

AFTER MORE than two months of negotiation Government, Management and Unions have reached agreement on a plan to restructure the shipbuilding industry, the most depressed industrial sector in Spain.

The agreement is based on a plan first drawn up by the Ministry of Industry last May and recently considered by the Spanish Cabinet. It envisages a reduction in the industry's present activity by 50 per cent over the next five years, and *the provision of* Pta27bn. Of this Pta11bn will be in the form of capital increase, in the three main yards. Bazan (Pta1bn). Astano (Pta3bn) and Astilleros Espanoles (Pta7bn), and some Pta16bn in the form of credits provided mainly by the Government.

Because of the depressed state of world shipbuilding, the three yards, which between them account for 85 per cent of the sector's total capacity in Spain, are estimated to be well above realistic capacity. Their present work-loan is 900,000 gross tons against capacity of 1.9m gross tons. Losses so far this year are believed to be in the region of Pta 9bn.

Reduction in activity will be achieved through the introduction of a system of rotary lay-offs, involving 7,000 of the industry's 30,000 workers. Workers will be temporarily laid off for a minimum period of 15 days and a maximum period of six months. During this time the temporarily unemployed workers will receive unemployment benefit. The agreement has avoided resorting to mass redundancies as first demanded by management. This was described today by Sr. Agustin Sahagun, Minister for Industry, as a sign that the Government could govern in the industrial sector.

The agreement represents a vital concession to those Government circles and union leaders, who have argued that a drastic reduction in the labour force would be politically and socially dangerous. The Government, which controls 100 per cent of Bazan and 50 per cent of the other companies has been vulnerable to union pressure on this point.

The three main yards are all situated in areas of serious unemployment, in particular Cadiz and Bilbao. In the Cadiz area, where unemployment is estimated at between 12 and 14 per cent, nearly twice the *national average, 60 per cent* of the population is bound up with shipbuilding. During the sector's crisis earlier this year, serious riots broke out and the police opened fire on workers, injuring a number of people.

An equally delicate political problem has been posed by the presence of a large part of the shipbuilding industry in the Basque country. The Government is well aware of the ease with which the demands of the shipbuilding workers could add a dangerous new impetus to political militancy in the area. Last Friday, after one of the most violent weeks in the Basque country since the death of Franco, workers at the Bilbao-based Astilleros issued a warning of industrial action unless Government and unions reached substantial agreement on the industry by the end of the month.

Against this background today's description of the agreement as extremely positive by the Communist-dominated Workers' Commissions and the Socialist unions, UGT and UFO augurs well for the Government.

How to deal with the crisis in shipbuilding has long been accepted as one of the most important industrial decisions facing Sr. Adolfo Suarez, the Prime Minister. Observers were *commenting today that the agreement* is a breakthrough in industrial relations.

Church adapts to new ways

BY JIMMY BURNS IN MADRID

SPAIN'S Catholic Church has adapted remarkably well to recent proposals which effectively reduce its temporal powers. The proposals are contained in a draft constitution which is currently being debated—albeit in a somewhat uninspiring way—by the Spanish Parliament.

The draft constitution represents the very shift to democracy which the Church steadfastly resisted when it worked hand-in-hand with the Franco regime. Now unlike any other Francoist institution, it appears to have adjusted well to the change in Government.

The Church has gradually withdrawn from the political arena and adopted what Cardinal Enrique Tarancon, the Archbishop of Madrid and head of the Spanish Episcopal Conference, likes to call "active neutrality."

Even in the last years of Franco, the Spanish bishops continued *to play a prominent part* in political life—though by that stage less as a part of the regime than as an uncomfortable opponent in their resolute defence of human rights. With the advent of democracy however the neutrality has meant that the bishops have increasingly watered down their "*political*" *statements*, leaving it up to the politicians to get on with the job.

This neutrality found practical expression on the eve of the 1977 general election here, when a statement from the Spanish Episcopal Conference confirmed the right of any Catholic in Spain to vote for the political party of his choice, without interference from the bishops. This neutral stance has been widely accepted as one of the main causes behind the poor showing made in the elections by the Christian Democratic Party, which failed to get even one deputy elected.

One year after the elections, however, it is clear that not everyone within the Church's ranks agrees with the bishops' preference for political withdrawal. While on the extreme Right, Sr. Blas Piñar, head of Fuerza Nueva invokes and country" and plays host to the traditionalist ideas of Monsignor Lefebvre, some sectors of the extreme Left tend to use as their spokesmen, worker priests who openly condemn the "capitalist" Vatican, and look to the day when Christians and Marxists can together lead the violent overthrow of bourgeois society.

Despite this opposition, the bishops maintain that neutrality does not mean turning a blind eye to the social changes taking place around them. The Church remains "active" in the sense that it has not surrendered its "moral" authority within Spanish society.

The Bishops maintain that neutrality of the Church does not mean turning a blind eye to the social changes taking place around them.

In this sense the bishops broke their silence earlier this year when the first draft of the Constitution omitted any mention whatsoever of the Catholic Church. In the bishops' view, such an omission simply neglected the reality of the Catholic Church's existence in Spain. The bishops won their battle and Article 15 of the latest draft of the Constitution now includes the guarantee that the administration "will take into account the religious beliefs of Spanish society and maintain the consequent co-operation with the Catholic Church and with other denominations."

If the article as it now stands is vague and open to a number of interpretations, it is because a clearer definition still depends on the amendment of the Concordat. This agreement signed between General Franco and the Vatican in 1953 gave considerable advantages to the Spanish Church: Catholicism was recognised as the official religion in Spain: religious instruction at all levels was made obligatory; and censorship was put in the hands of the bishops, who could ban any work if judged to be "unorthodox." The State, for its part, undertook to give the Church substantial economic support, by setting up, for example, a special ecclesiastical fund.

Both the Spanish Government and the Vatican have agreed in principle to replace the Concordat by the end of this month, yet have so far failed to agree as to what should take its place. The Spanish bishops, while accepting the constitutional guarantee that religious education should no longer be obligatory, fear that in *future the possibility of creating* religious schools may be restricted. Article 25 of the present constitution under debate, while stipulating the right of "individuals and legal persons" to set up new educational establishments, does not specifically include the Church.

According to the latest available figures the Catholic Church in Spain has 994 schools (mostly private), 573 technical colleges, and 121 educational centres for handicapped children.

On the question of state finance, the bishops maintain that the Church needs funds if it is to survive physically. The state subsidy today is estimated at Ptas 6bn per annum—no small sum given Spain's present economic difficulties. While the bishops have virtually accepted that such a subsidy is no longer realistic in present Spanish society, they would like to see the Government compromising on the issue. One suggestion that has been made is that some form of *economic support for the Church* should eventually be written into the new tax system, which is currently being reformed.

Clearly there is as yet some way to go before the Spanish Church defines its role more completely in the country's new democracy. There remain issues such as divorce and abortion which have not yet been clearly defined in the constitution and which still await public debate. For the bishops these remain the "moral" issues. Yet it is far from clear how their "active neutrality" would express itself in the event of a referendum.

Soares coalition under pressure

BY OUR OWN CORRESPONDENT LISBON, July 17.

CONSERVATIVE PRESSURE on Portugal's Socialist-Conservative alliance is increasing as Socialist *Prime Minister Dr. Mario Soares* continues to play down the differences between the seven-month-old partners.

Prof. Diogo Freitas do Amaral, leader of the Christian Democrats (CDS), was reported today as saying his party had not joined the Government to allow it to adopt more Left-wing policies than the minority socialist Government had pursued in 1977.

He warned that the CDS could not support complacency in relations with the Moscow-line Portuguese Communist party.

Meanwhile the socialist national secretariat met Dr. Soares this weekend and decided to answer the Conservative's challenge by asking President *Ramalho Eanes to chair a special* cabinet session.

The socialists did not fix a date for this meeting and somewhat vaguely they also announced they would open high level talks with the CDS to discuss their differences.

The lethargic tempo at which the so-called crisis is developing may reflect a conscious choice to prolong things until after the holiday period or could be a result of soaring midsummer temperatures.

Communist party leader Dr. Alvaro Cunhal told his supporters this weekend that the CDS was involved in blackmail to bring down the government and restore a right wing dictatorship in Portugal.

Behind this attack lies the fear the Socialists might agree to Conservative demands for the removal of Dr. Luis Salas, the Agricultural Minister, whose agrarian reform policies appear acceptable to the Communists but have dismayed the CDS.

Other fields of CDS concern include the Socialist proposed national health scheme which the largely CDS supporting medical profession opposes, and the education system, which remains in a state of confusion resulting from continued ideological changes of direction.

New bid to form Iceland Cabinet

BY JON H. MAGNUSSON REYKJAVIK, July 17.

MR. BENEDIKT GRONDAL, leader of Iceland's Social Democrats is asking the leaders of the Communist-dominated People's Alliance and the middle-of-the-road Progressive Party to take part in talks aimed at forming a new left-wing coalition government.

Mr. Grondal said this morning that the talks could start on Wednesday. His attempt last week to form a government with the right-of-centre Independence Party and the People's Alliance failed when Mr. Ludvik Josefsson, leader of the Marxist Alliance refused to join a coalition with the Independence Party.

Mr. Josefsson's party is opposed to Iceland's links with th North Atlantic Treaty Organisation (NATO). The Social Democrats and the Independence Party favour Iceland's membership.

The new talks will be difficult and could prove fruitless. Mr. Josefsson believes that the President should have asked him to lead a new Left-wing Government.

If the talks collapse. Mr. Grondal might try to form a Government with the Independence Party and the Progressives. Alternatively he might ask the two parties to support a minority Social Democratic Government for the next two years at least.

The economic situation is worsening steadily and the inflation rate now stands at about 45 per cent. One of the first tasks for a new government will be to devalue the Iceland krona by at least 20 per cent. Unconfirmed reports in Reykjavik say the International Monetary Fund (IMF) is insisting on a devaluation of 34 to 35 per cent.

The country has been without an effective government since parliamentary elections in June. It is clear that the economy cannot endure the absence of an effective administration for much longer.

Small rise in French total of unemployed

By David Curry

PARIS, July 17.

UNEMPLOYMENT IN France increased slightly between May and June, defying the normal seasonal reduction at this time of the year.

While admitting that the situation remains worrying, the Government is inclined to think that this increase has been caused by employers postponing recruitment so as to benefit from the fiscal incentives to hire labour which came into force at the beginning of July.

The crude figures — the Government no longer gives seasonal adjustments—puts the jobless total up by 2,200 from the May total of 1.039m. Vacancies were slightly more numerous at 96,000 against 94,600.

Even with the incentives to *take on labour, which are, in* fact, watered down from those introduced a year ago, the Government is reconciled to a steady rise in unemployment over the coming months.

The Minister of Employment, M. Robert Boulin, has admitted to expecting a peak of around 1.2m.

Certainly, there is considerable job loss still to come from "lame duck" industries. In the past week alone, there have been 3,000 notified redundancies, including 1,300 at the La Ciotat shipbuilding group. A further loss of jobs in steel and textiles is probable even without the contribution from the Boussac group, which may be heavy when the final restructuring plan is worked out.

To facilitate the restructuring, the personal interests of M. Marcel Boussac have been brought under judicial control to join the group's textile concerns.

The general construction index for May, seasonally *adjusted, was down to 127 from* 131 in April. The Ministry of Economic Affairs attributes the drop to lower energy production and some falling off in the consumer goods sector, noting also that May Day and Ascension Day fell in the same week and that some companies stretched their holidays over the two festivals.

Dutch move to fill job vacancies

By Charles Batchelor

AMSTERDAM, July 17.

HOLLAND PLANS to set tougher conditions before it allows people without a job to draw unemployment pay, in an effort to restore balance to the labour market. More than 202,000 workers are currently out of a job but there are 65,400 unfilled vacancies and employers are finding it difficult to recruit skilled workers, particularly in the building industry.

The unemployed will have to be prepared to accept a wider range of jobs or face losing unemployment benefits, according to Dr. William Albeda the Social Affairs Minister. Retraining facilities are to be extended and a refusal to accept retraining may also lead to the loss of benefits. Regional commissions will be set up to rule in disputes.

These measures are expected to lead to 20,000 vacancies being filled over the next three years. This would save some Fl 500m ($226m) in unemployment pay.

To increase mobility, the Government is ready to subsidise employees who have to accept a lower-paid job, and to help with removal expenses. Companies will also be encouraged to take more employees from the disadvantaged groups—the young and the handicapped.

Tightening conditions for accepting jobs and retraining can be achieved by a more stringent and uniform application of the existing labour laws. New legislation will not be necessary, the Social Affairs Ministry said.

These measures are part of the plan to cut public spending by Fl 10bn ($4.5bn) by 1981, details of which are now being worked out. Despite criticism of the plan by the unions, they have not rejected it outright and Dr. Albeda says there is room for negotiation. *Parliament will discuss* the proposals when it resumes at the end of August.

Kuwait leads in output table

By Our Own Correspondent

ZURICH, July 17.

KUWAIT LAST year remained the country with the largest gross national product per capita, according to a survey published in Zurich by Union Bank of Switzerland (UBS). Although its per capita figure in terms of current dollars is down on that booked for 1976, its $11,950 per head was still well above that of $10,010 for Switzerland, which comes second on the UBS list.

These two countries were followed at the top of the world listing last year by Sweden ($9,480 gross domestic product), Norway ($8,845 gross domestic product), and the U.S. with a gross national product put at $8,715 per head.

The United Kingdom booked a per capita sum of $4,365 last year taking 20th place after Saudi Arabia and before East Germany.

SUMMIT NOTEBOOK

Key role claimed for Callaghan

West German Chancellor Helmut Schmidt hosts a working breakfast on the final day of the Bonn Economic Summit for British Prime Minister James Callaghan, the French President Valery Giscard d'Estaing and President Jimmy Carter.

THE UK may not have been able to announce any major new policy commitments as a result of the Bonn summit, but this has not stopped a good deal of strident trumpet blowing by British Ministers and spokesmen. Indeed there is almost an inverse relationship between action and words. Mr. James Callaghan has been presented as the statesman who made the whole event possible—a kind of super-impressario and mediator in one. He is said to have been the main conciliator between West Germany and the U.S., relying on his personal friendship with the two other leaders, constantly referred to as Helmut and *Jimmy*.

The British line is then embelleished with the suggestion that Mr. Callaghan's five-point plant to produce world recovery concentrated the minds of the participants on the real issues and paved the way for the eventual deal. The key stage was apparently when the Prime Minister visited Washington over Easter to see his grandchildren and President Carter, and it was then the ice started to thaw.

More specifically, the British have been promoting themselves as the leaders in implementing the spirit of Bonn ahead of the event—even before the ink was wet so to speak. The UK did its bit to boost world recovery with the reflationary Budget in mid-April. International concerns were naturally the main motivation behind these measures. The fact that the Budget was domestically popular and an election is not far off is, of course, quite beside the point and demeans Mr. Callaghan's *statesmanlike stature*.

* * *

JOUNALISTS ARE often accused of exaggeration. Sometimes, alas, it is true. But among themselves they keep a dour sense of perspective. Following is the full text of the "pool" report on the arrival today of the leaders of the Western world's seven main *industrial nations (plus the* President of the EEC Commission) for their last working session. (A "pool" incidentaly, involves a few eager journalists deputised to be where the action is and to report back faithfully and without embellishment to their legions of colleagues.)

10.15—Roy Jenkins by car. He didn't smileand didn't wave.

10.17—Fukuda. After diligent coaching he smiled and waved.

10.20—Giscard and Schmidt came walking together up the driveway from the breakfast.

The Financial Times team in Bonn is: Jonathan Carr, Adrian Dicks, Guy de Jonquieres, Peter Riddell.

Giscard smiled and waved. Schmidt smiled but didn't wave.

10.21—Andreotti was driven up. He sort of smiled and waved.

10.22—Trudeau arrived by car. He waved but didn't smile.

Precise time unknown—as previously noted on the schedule, Carter stealthily arrived by another entrance, out of view, with Callaghan.

Grand Totals: two sneaks, four waves, 3½ smiles.

To the experienced observer of summits, such episodes can speak volumes. For example, the ordinary bystander might attach little significance to the order in which the great men entered the conference hall. But to President Giscard d'Estaing this is a matter of capital importance, and *Jimmy Carter's* imperfect understanding of French sensitivities on this point came close to marring the carefully-contrived aura of harmony surrounding the talks.

M. Giscard d'Estaing is, of course, a little bit different from other European leaders, being the only one who is a head of State as well as of government. He has managed to persuade his colleagues that this entitles him to arrive at the thrice-yearly EEC summits a little later than anyone else, and immense pains are taken by French officials to ensure that the distinction is respected. So naturally M. Giscard d'Estaing assumed that he would be the last man to take his seat in Bonn.

In Washington, by contrast, it is a mark of politeness to step aside and allow others to enter a room ahead of you. So when President Carter and President Giscard arrived at the conference hall together a bizarre gavott took place as each man tried to propel the other inside. Eventually, a bewildered Carter entered first, followed by a triumphant Giscard.

* * *

CHANCELLOR Helmut Schmidt, choosing an obvious symbol from the local scene, declared at one point that the Siebengebirge, or seven hills of Bonn, must no lead the seven assembled heads of government each to scale a separate summit of his own choosing (though as the conference progressed, the temptation was clearly there). Instead *said the host, the seven must* struggle together up to a common peak of achievement.

But perhaps not wanting to discourage Mr. Jimmy Carter the German Chancellor neglected to mention that the highest of the Siebengebirge is the Oelberg—Mount Oil.

Ukraine trial opens of another 'Helsinki group' dissident

BY DAVID SATTER MOSCOW, July 17.

A MEMBER of the Ukrainian "Helsinki" group was reported to have gone on trial today for anti-Soviet agitation in the Ukrainian town of Gorodnya as the authorities continue their campaign to eliminate the groups which have tried to monitor Soviet observance of the Helsinki accords.

Following three major dissident trials last week, witnesses were called to testify today in the case of Mr. Lev Lukyanenko, a founding member of the Ukrainian Helsinki group, who has been held by the KGB since his arrest last December, dissident sources said.

More than 20 Helsinki group members in Moscow, the Ukraine, Lithuania, Georgia and Armenia have either been arrested or sentenced since the crackdown on Soviet dissent began 17 months ago. Four of these have been members of the Ukrainian group already convicted of anti-Soviet agitation and given maximum sentences.

If convicted, Mr. Lukyanenko (50), a lawyer and veteran activist who served 15 years in strict regime labour camps after a death sentence was commuted in 1961, faces a maximum sentence of 10 years imprisonment and five years internal exile.

Our Foreign Staff writes: The appeal of Dr. Yuri Orlov, the founder of the Moscow-based Helsinki monitoring group, will be heard in a Moscow court on Tuesday, it was learned in London yesterday. Dr. Orlov was sentenced earlier this year to seven years' imprisonment and five years' Siberian exile for anti-soviet activities"—charges which derived principally from his human rights campaigning.

Mr. John Macdonald QC, who was engaged to represent Dr. Orlov, drafted the appeal on behalf of the dissident, maintaining that the original trial was "one-sided."

Dissidents claimed that Dr. Orlov was barred from calling defence witnesses, forbidden to present requested defence evidence, interrupted by the judge during his final speech and repeatedly heckled during the trial. Mr. Macdonald, who announced that the appeal would be heard on Tuesday, has said that these were infringements of Soviet law and were sufficient to show that the trial was invalid.

The outcome of Dr. Orlov's appeal will serve as a litmus test for the sentences on two other Moscow-based dissidents, tried last week, Mr. Anatoly Shcharansky and Mr. Alexander Ginzburg. If Dr. Orlov's sentence is reduced, then there is a possibility that the other dissidents may benefit. Both Mr. Shcharansky and Mr. Ginzburg are due to enter their appeals this week.

The sentencing of the three dissidents brought angry responses fro mthe West. President Carter expressed support for the three when they were arrested last year and has codenmned the trials.

There has been considerable speculation in the West that the three dissidents would be exchanged for alleged spies arrested in the U.S. or West Germany but such a swap would almost certainly not be considered until the appeals of the dissenters have been heard.

Kyprianou sacks his negotiator

NICOSIA, July 17.

CYPRIOT PRESIDENT Spyros Kyprianou today dismissed his chief negotiator in peace talks with Turkish Cypriots, accusing him of "blind ambition and tragic mistakes."

Another Government announce*ment said meanwhile that* a "foreign and local conspiracy" against the Government had failed and that President Kyprianou would address the nation on television on Wednesday.

But there was no obvious connection between the dismissal of 44-year-old Tassos Papadopoulos and the plot, which was not explained in detail.

Mr. Papadopoulos had been chief Greek Cypriot negotiator in intercommunal talks with the Turkish Cypriot community for two years.

He angered the President in a speech 10 days ago in which he criticised Mr. Kyprianou's policy towards the negotiations, which have taken place since the Turkish occupation of 40 per cent of Cyprus in 1974.

In his letter of dismissal, Mr. Kyprianou told Mr. Papadopoulos: "I pray that you as well as the others will one day realise your tragic mistakes. . . . I find it impossible to understand to what degree personal ambition can blind one." He did not elaborate.

Mr. Papadopoulos was not in Nicosia and was unavailable for comment.

Government spokesmen first mentioned the existence of a conspiracy last Friday, the fourth anniversary of the coup which briefly ousted the late President Makarios and led to the Turkish invasion.

He said then that retired West German diplomat Paul Kurbjun, a former counsellor at his country's Nicosia Embassy, had been declared an undesirable alien and a prohibited immigrant.

The Government stressed that neither the West German embassy nor government was involved in the affair, which it said was financed and directed from abroad.

The spokesman said today that "the conspiracy, foreign and local, in the political and social fields as well as in the field of illegality, has failed and the people are urged to remain calm."

He said the Government was in full control of the situation.

Reuter

Carter line welcomed by Italians

By Dominick J. Coyle

ROME, July 17.

EXTENSIVE press coverage, including a front-page report in the Communist Party daily, L'Unita, was devoted here today to remarks by President Jimmy Carter in West Berlin at the week-end in which he suggested some change in the U.S. Administration's attitude to Eurocommunism.

Observers in Italy, which has the largest Communist Party in the West, detected a less hard-line Washington attitude to Eurocommunism, compared with the State Department's comment earlier this year which stressed that the Carter Administration did not wish to *see any further Communist* advance in western Europe.

That intervention was criticised widely here by the political parties, including some Christian Democrats, as constituting interference in Italian domestic politics at a time when a new governing alliance was being arranged to bring the Communists into the parliamentary majority supporting Sig. Giulio Andreotti's minority Government.

Italian newspapers today quote President Carter as noting with approval the criticism of western Communist Parties, including those in Italy and France, of the recent trials of Soviet dissidents, and his apparent acknowledgement in West Berlin that Eurocommunism is not dominated by the Soviet Union.

The Italian Communist Party has been in the forefront of western Communists in seeking to distance itself from Moscow on a number of issues, particularly on the concept of Eurocommunism itself—a concept which has been challenged by the Soviet Union.

The setback suffered by the Italian Communists in recent local elections has been welcomed privately by a number *of western embassies in Rome* as indicating that the Communist march is not unstoppable, as many diplomatic observers including the Americans, seemed to have assumed.

It has also been noted that despite the hardline anti-*Communist, stance adopted* by the State Department, which, in general, President Carter supported in his West Berlin exchanges, there has been increasing acceptance by Washington in recent months of visits to the U.S. by leading Italian Communists. Sig. Giorgio Napolitano, a leading *member of the party's central* committee, returned recently from a U.S. lecture tour.

Switzerland's trade gap falls 31.4% in first half

BY JOHN WICKS ZURICH, July 17.

THE SWISS trade gap narrowed by 31.4 per cent in the first half of this year, falling to SwFr 838m *as compared with* SwFr 1.22bn in the corresponding period of 1977. First-half exports were higher by 4 per cent and imports by 2 per cent than in the same six months of last year.

This faster growth on the export side resulted, however, from a disparity in the development of export and import prices. While *export price levels fell by only* 3.5 per cent over the year, those for imports declined—in connection with the rise in the Swiss franc exchange rate—by as much as 10.3 per cent. In real terms, imports thus went up by 13.9 per cent and exports by 8.1 per cent.

Swiss car imports reached a record level in the first half of this year, with sales of 148,152 new vehicles. This 14 per cent increase over the corresponding period of 1977 points to a possible breaking of the 1972 annual record of some 250,000 new cars sold on the Swiss market. Major import brands were Volkswagen, Opel, Ford, Renault and Fiat.

Striking growth rates, however, *of between 85 and 184 per cent*, in comparison with the first half of last year, were booked for the Japanese Mazda, Mitsubishi and Honda car companies. Among British cars, sales of BL models fell off 14.9 per cent and those of Rolls-Royce/Bentley by 38.9 per cent.

Decline likely in tourism

By Our Own Correspondent

ZURICH, July 17.

SWITZERLAND'S TOURIST traffic is expected to develop less favourably over the current summer season than during the past winter, when there was a 7 per cent increase in the number of hotel bednights by foreign visitors. According to the Union Bank of Switzerland, this will be due to the higher level of the Swiss franc exchange rate.

Figures just released by the Swiss Government show that in 1977, tourist earnings passed the SwFr 6bn mark for the first time, rising by 10.5 per cent over the previous year to SwFr 6.07bn. The increase is due both to a 6 per cent increase in hotel use and to a sharp increase in excursion and transit spending by foreigners.

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OVERSEAS NEWS

Japan investment abroad falls 19%

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, July 17.

OVERSEAS DIRECT investment by Japanese companies fell 19 per cent in value in the last fiscal year in spite of the fact that the appreciation of the yen lowered most investment costs relatively to costs in Japan itself, the Finance Ministry announced.

The value of direct investment (on the basis of projects approved by the Ministry) was $2.8bn, or 19 per cent below the previous year's figure. This was the lowest figure since 1974, the year immediately after the oil crisis, when investment approvals fell to $2.3bn.

The decline was attributed in part to uncertainty about Japan's business situation, which appears to have induced a wait-and-see attitude among private companies with regard to all types of investment. Another significant point is that "lumpy" investments in natural resource development diminished significantly. In 1976 a single project (development of LNG in Indonesia) accounted for no less than $500m out of the total of a little more than $3bn worth of investment approvals. Last year the biggest single project was valued at $200m.

The positive feature of the 1977 figures is that manufacturing investments (which tend to have a smaller value per project than the big natural resource investments) have begun to move up. The value of new investments in overseas manufacturing is put by the Finance Ministry at $1.074bn, compared with the 1976 figure of $1.025bn. The number of cases of manufacturing investments approved by the Ministry during the year was 448, up from the previous year's 413.

Overseas manufacturing investments by Japanese companies tend to fall into two types—those designed to take advantage of cheap labour in developing countries and those whose purpose is to by-pass trade barriers (by establishing production bases in Europe or the U.S.).

Of the two kinds the latter seems to have been the more heavily stressed in 1977, but with the emphasis on the U.S. (and to some extent Canada) rather than on Europe: 26.2 per cent of all new investments went to North America last year, while 7.8 per cent went to Europe.

Plans by two Japanese electrical companies, Hitachi and Toshiba, to establish television manufacturing plants in the U.S. or acquire existing plants suggest that the emphasis on establishing a manufacturing presence in the developed world may be a continuing feature of Japan's foreign investment. If this proves to be the case Japan will be shifting towards a Western pattern of foreign investment, with strong emphasis on investments in other advanced countries. Hitherto its investments have been divided roughly 50-50 between the developed and developing worlds.

Japanese investment in the development of overseas natural resources could be stimulated by a scheme now under discussion inside the Government for the lending of funds from the foreign exchange reserves at low interest rates to would-be investors in such projects. A scheme already exists for low interest foreign exchange loans to importers of essential raw materials. It appears likely that this could be extended to cover loans to companies planning investments in mining projects. The amounts involved could could reach $300m to $450m per year.

Reuter reports: Japan's Power Sources Development Co-ordination Council has decided a start will be made within fiscal 1978 to build new power plants with a combined capacity of 17.5m kW, the International Trade and Industry Ministry said.

The target figure is the second largest ever planned, following *19.6m kW set for fiscal 1971, and* more than double the 1977 target of 7.5m.

Fatah blames Iraq for murders

Iraq has been accused by Fatah, the main Palestinian guerrilla group, of using Iraq Airways and embassies abroad for sending arms to terrorists for the assassination of Arab and Palestinian personalities, Ihsan Hyazi reports from Beirut.

The charge was published in the Lebanese Press yesterday. President Ahmed Hassan al-Bakr's Government has said to have seized an arms factory which Fatah had established in Iraq and to have confiscated $80m worth of weapons and supplies sent by China to the Palestine Liberation Organisation (PLO) via the Iraqi port of Basra.

The Fatah accusation said Iraqi intelligence organisations and a breakaway Fatah member, Abu Nidal, were responsible for recent murders of Arabs in Britain and other countries, including the assassination in London this month of Abel Razzak al-Naif, former Iraqi Prime Minister. Fatah said Iraq was behind the assassination of the PLO representative, Said Hammami, in London in January, the Egyptian writer, Yusuf Sibai, in Cyprus in February, and the guerrilla representative in Kuwait, Ali Yassin, in April.

Dili open to trade

President Suharto of Indonesia declared Dili, the provincial capital of the former Portuguese colony of East Timor, open to trade, commerce and civilian travel. The move is seen as a vital step towards normalisation, Reuter reports from Dili.

The President's announcement came in an address to the East Timor Provincial Assembly in a special session marking the second anniversary of the region's incorporation into Indonesia.

President for Yemen

Lt.-Col. Ali Abdullah Saleh has been elected President of North Yemen to succeed assassinated President Ahmed Hussain Al-Ghashmi, the Saudi Press Agency reported from Sanaa. Reuter quotes the official Press agency as saying that under the Constitution the new President will also be Commander of the armed forces.

Mauritanians freed

Two senior members of the Mauritania Government deposed in a bloodless coup a week ago have been released, Radio Mauritania said yesterday. The two, according to the broadcast quoted by Reuter, were the former High Commissioner for Youth, Tijani Ould Karim, and the former Secretary-General of the President's Office, Mohazed Ali Cherif.

Benguela rail agreement

KINSHASA, July 17.

ZAIRE AND Angola have agreed to re-open the Benguela railway, a vital outlet for Zaire's copper exports, Congo radio said today.

Re-opening the rail link was one of three agreements resulting from weekend talks between delegations from Zaire and Angola in Brazzaville, Congo.

Also agreed, was a plan to create a commission under the auspices of the Organisation of African Unity (OAU) to normalise relations between Zaire and Angola, and to have qualified international organisations and the Congo Republic help refugees return to their countries of origin.

The Benguela railway, which runs 1,250 miles from Angola's port of Lobito on the Atlantic coast through Zaire into the mineral belt of landlocked Zambia, was closed in August 1975 because of the Angolan civil war.

The official Zaire news agency AZAP said the discussions in Brazzaville "showed the willingness of the Angolan and Zairean people to create favourable conditions for the establishment of a durable peace between Zaire and Angola."

As the discussions were held behind closed doors, it was not known what specific decisions were taken to normalise relations between the two countries, but observers said the fact that the talks ended on friendly terms represented a significant step forward.
Reuter.

Our Foreign Staff adds: The EEC may help to finance a projected road to link Zambia and Angola, according to the EEC's Director General for Development, Mr. Klaus Meyer.

Speaking in Zambia prior to his departure for Brussels, Mr. Meyer said that a final decision on the multi-million dollar project would be made in Brussels this week.

Zambia's export and import trade has suffered badly from the closure of the Benguela railway, which up to 1975 took about half of the country's copper exports.

Apparently the road project would be designed to bypass the Zaire section of the railway, thus giving Zambia direct access to the Benguela railway in Angola. Whether or not yesterday's announcement that the Benguela line is to be opened will affect the EEC's decision to finance the by-pass road remains to be seen: an earlier agreement between Zaire and Angola following the end of the Angolan civil war in 1976 proved stillborn.

Rhodesia shuttle inconclusive

BY TONY HAWKINS

SALISBURY, July 17.

AFTER THEIR seven week shuttle in Africa aimed at arranging an all-party conference on Rhodesia, the two Anglo American peace envoys, Mr. John Graham of the Foreign Office and Mr. Steven Low, U.S. Ambassador to Zambia, left Salisbury today for London. The two men have shuttled between Salisbury and the neighbouring states of Mozambique, Zambia, Malawi, Botswana, South Africa and Tanzania.

Though some observers here have interpreted recent statements by Mr. Ian Smith and Bishop Abel Muzorewa to mean that the Transitional Government in Salisbury is now more willing to consider such an all-party conference, a British source said today that he did not think that there had been any "breakthrough."

The transitional Government's evident failure to defuse the widening guerrilla war is likely to have increased pressure on the three black leaders of the coalition transitional Government to agree to talks. Mr. Ian Smith, who sees Mr. Joshua Nkomo, leader of ZAPU, as an essential ingredient in any settlement, has always been keener on the idea of the conference than his black colleagues. But officials here are wary at announcing acceptance of such a conference. They believe that if Salisbury moves towards the Anglo-American position the Patriotic Front led by Mr. Nkomo and Mr. Robert Mugabe will pull away. Transitional Government sources are wary also because they fear that any willingness to attend such a meeting will be interpreted both at home and internationally as recognition and acceptance on their part that the internal settlement is not working.

Sources say that in the more recent meetings between the envoys and individual members of the transitional government executive, the emphasis has shifted from whether or not there should be a conference to the search for a viable basis for such a meeting. The Salisbury view tends to be that the only really positive advantage of such a meeting would be to convince the Anglo-American governments that the gap between the two sides is unbridgeable.

There are some who accept that while the gap is presently unbridgeable, a meeting might bring Mr. Nkomo and the transitional leaders closer together—though there would appear to be little basis for such optimism.

Our Foreign Staff adds: Mr. Graham and Mr. Low are expected to report to Dr. Owen, the Foreign Secretary, and probably also to Mr. Cyrus Vance, the U.S. Secretary of State who is in Britain this week for the Middle East talks. The two men are expected to return to Africa later.

Eritrean bases threatened

KASSALA, Sudan, July 17.

ETHIOPIAN forces, apparently involved in a major offensive against guerrilla forces in Eritrea, have crossed into the province at two points and are threatening guerrilla bases in south-west Eritrea, according to guerrillas in the border area with Sudan.

A large armoured force has crossed the Mareb river from Tigre province into central south Eritrea near Shambuko after three weeks of heavy fighting with the Eritrean Liberation Front and Tigre Popular Liberation Front. The Ethiopian column appears to be aimed at relieving the besieged garrison at the Eritrean town of Barentu.

A second Ethiopian force crossed into Eritrea along the western border in late June, taking the town of Omm Hajer. It now appears to have been reinforced and is aiming north or the guerrilla-held town of Tessenei, an important junction on the road to Barentu.

A combined guerrilla force of the TPLF and Eritrean Popular Liberation Front was reported to be holding up the Ethiopian advance in north-central-Tigre near Entichew. The ELF was said to be holding a major push from the Government base at Adowa in Tigre.

Fraser criticism of UK leaked

BY OUR OWN CORRESPONDENT

CANBERRA, July 17.

MR. MALCOLM FRASER, the Australian Prime Minister, has been embarrassed by the leaking of a confidential document in which he criticised the economic policies of the British and U.S. governments.

The document is a transcript of a conference attended by the Premiers of the six Australian states on June 22 and 23 in Canberra. At the meeting, held behind closed doors, Mr. Fraser and Mr. John Howard, the Australian Treasurer, announced an effective cutback in the level of Federal grants to the states.

They also defended their policy of fighting inflation through an austere approach to public spending.

Mr. Fraser's views on economic management as practised in the UK and the U.S. became public when a transcript of proceedings leaked out at the weekend.

It shows that he told the Premiers: "We have no intention of pursuing the kind of course which has been pursued in Britain where, because of a lax expenditure policy, they are now putting the total weight of restraint back on monetary policy.

"In three months, interest rates in England have gone back 3.5 per cent to 4 per cent, and housing mortgage rates are 11.5 per cent again," he claimed.

"If anyone thinks that is a way to recover an economy, that that is a way to salvation, to reinvestment and getting jobs going, then that is not an approach that I believe we can embrace, because I think it would be disastrous."

Referring to his visit to London early in June, Mr. Fraser said: "Somebody in the United Kingdom, and somebody from the present Government, told me that all that had to happen in Europe was for Germany to inflate to 11 per cent, a year and Britain would not have a problem left.

"That is not the sort of advice which this Government will . . . follow."

Mr. Fraser said the Germans and the Japanese were sick of being badgered by weaker countries which told them: "If only you would reflate we would not have problems."

He predicted that the U.S. would have to "pull in its horns," adding: "In the U.S. they will have to do things themselves to restrain their burgeoning inflation because their budget deficit is too large."

"Even if the Administration does not admit that, you will not find a single person in New York who does not know that and does not want action taken in relation to it."

Mr. Fraser said if the U.K. and U.S. Governments adopted the type of programme being implemented by his Government, "stock exchanges in London and Wall Street would move up several points" immediately.

Mr. Fraser is known to have criticised U.S. economic policies in private talks during a visit to Australia two months ago by Mr. Walter Mondale the vice-president. But he has been careful not to express his views publicly.

Cambodia-Thai talks end

BY RICHARD NATIONS

BANGKOK, July 17.

MR. IENG SARY, the Cambodian Deputy Premier for Foreign Affairs, left Bangkok today after a four-day mission to the Thai capital which on the surface appears to have ended inconclusively.

Mr. Sary had held extended talks with Thai Premier Kriangsak Chamanand yesterday. While both sides have stressed the cordial atmosphere of the visit, neither has been willing to address questions publicly concerning the most pressing bilateral issue of continuing border tensions along their mutual frontier.

Mr. Sary failed to answer reporters today concerning Phnom Penh support for Thai Communists and declined to say whether there had been any attacks launched against Cambodian territory from Thailand.

AMERICAN NEWS

Links by BNOC with Venezuela, Mexico

By Hugh O'Shaughnessy

STRONGER LINKS between the British National Oil Corporation and the state oil companies of Venezuela and Mexico are expected as a result of the visit to those two countries of Lord Kearton, the BNOC chairman, which ends this week.

BNOC and Petróleos de Venezuela, the state oil concern, are to exchange geological, planning and marketing staff over the next few months, according to a statement in Caracas by Lord Kearton, quoted by AP-DJ. He remarked that, while Venezuela had valuable experience in secondary recovery methods, Britain could help Petroven in its off-shore drilling programme, due to start next month.

British builders are hoping for orders from Venezuela for drilling platforms which would be built either in Britain or as joint ventures in Venezuela.

During his stay in Mexico, Lord Kearton is expected to follow up suggestions about closer associations between the British and Mexican oil industries which were made last week when Sr Santiago Roel, the Mexican foreign minister, visited London.

The British corporation might provide expertise for the international marketing of Venezuelan oil. Any British co-operation with the Mexicans would have to take into account a certain Venezuelan reserve about the increasingly important role of Mexico as an oil exporter which has not joined the Organisation of Petroleum-Exporting Countries, and the Venezuelan desire that Mexican oil sales should not weaken any OPEC strategy.

Effort to adjust Belize border and end dispute

By Hugh O'Shaughnessy

A NEW attempt at a settlement of the century-old border dispute between Guatemala and Belize, formerly British Honduras, is being attempted on the basis of an adjustment of the southern boundary of the colony, which is now delineated by the course of the Sarstoon River.

According to plans tabled at the meeting of Latin American heads of state with President Jimmy Carter for the signature last month of the U.S.-Panamanian treaty on the future of the Panama Canal, straight lines would take the place of the meanderings of the Sarstoon River as the frontier between Belize and Guatemala. The latter would also be guaranteed unimpeded access to the Caribbean from its ports of Puerto Barrios and Santo Tomás de Castilla.

A formal negotiating session is being arranged to include Britain, Guatemala and Belize.

Japan car makers hold U.S. market share as prices rise

BY JOHN WYLES

NEW YORK, July 17.

LEADING JAPANESE car importers into the U.S. are again raising prices because of the fall of the dollar against the yen. Their sales, however, are still remarkably robust, despite a string of price increases this year.

Much was made recently of the 5 per cent drop in imported car sales in June, but this masked the fact that Japanese manufacturers, continually harassed by the dollar-yen instability, *actually improved their share of the* import car market last month. Moreover, their hold on the import market from January to June has slipped only marginally from 68.4 to 68.1 per cent.

At 713,991 units, Japanese sales for the six months are only 3.4 per cent lower than in the same period last year when imports as a whole reached peak levels. Since then, both General Motors and Ford have been aggressively fighting back against imported small cars, but the 17.8 per cent market share enjoyed by all imports remains historically high.

The implication is that although import sales may have suffered because of the declining dollar, they have still been helped by the overall boom in demand for new cars which has taken January-June sales to 5.88m compared with 5.81m last year. At 1.048m import sales are barely 31,000 units less than last year.

The leading Japanese importer, Toyota, which last week raised its prices for the fifth time this year, claims that it has no evidence that its sales have been hurt by the increases. Last month Toyota sales were nearly 10,000 units lower than in June last year, but the company says that it had no great hopes of matching the June 1977 total of 52,145 which was its second best sales month ever.

Nissan, number two in the import market, followed Toyota by announcing a 3.7 per cent increase in prices at the weekend as did American Honda which is charging an extra 4.8 per cent for its vehicles.

By contrast, German importers, whose prices have been less volatile, are lagging seriously behind last year's performance.

Rail pay move may accelerate inflation

By Our Own Correspondent

NEW YORK, July 17.

THE CARTER Administration's inflation fighters are anxiously watching the closing stages of two key sets of pay negotiations which pose a delicate test of the credibility of the Government's bid to restrain pay and prices.

Last night, a fifth railway union, that of the signalmen, reached a tentative agreement with the employers' National Railway Labour Conference. The settlement is broadly in line with the three-year packages, giving rises of as much as 35 per cent, *already reached with four other* rail unions.

At the same time, negotiators for the U.S. Postal Service and three unions representing 570,000 employees stepped up their efforts to reach a settlement before the current contract expires on Thursday.

Postal workers are prevented from striking by law, but sporadic stoppages have been a feature of previous years when talks reached deadlock. The current negotiations are particularly sensitive for the Administration, which wants a settlement to yield no more than the 5.5 per cent increases in the first year of the contract to which federal employees will be limited.

The Postal Service's offer of a package based on first year rises of substantially less than 5.5 per cent was reported to have been rejected by the unions last week. Their claim seeks pay and cost of living adjustments worth more than 14 per cent a year.

Meanwhile, the emerging settlement in the railway industry is unlikely to bring much cheer to the Administration. Although the tentative agreements so far reached with five of the 13 unions involved lean heavily on cost of living adjustments linked to the inflation rate, headlines reporting rail settlements of up to 35 per cent over three years strengthen expectations among key labour groups of workers, such as car workers and lorry drivers, who will negotiate next year.

The 35 per cent maximum agreed with some railway workers would be contingent on an inflation rate of 8 per cent or more during the life of the contract.

One union, the Brotherhood of Railway and Airline Clerks, is pressing for more direct increases, rather than cost of living adjustments, and has initiated the complicated legal process which could leave it free *to take strike action later in the year.*

U.S. COMPANY NEWS

Lykes-LTV merger delay: Sharp gain by General Motors in Brazil: Union Camp near peak levels—Page 29

Populist leads in Ecuador

BY SARITA KENDALL

QUITO, July 17.

THE POPULAR FORCES candidate, Sr. Jaime Roldos Aguilera, has taken an unexpected, strong lead in the Ecuadorean Presiden*tial election, held yesterday.*

With more than 70 per cent of the ballots counted, Sr. Roldos had 32 per cent of the vote, while the establishment candidates, Sr. Sixto Duran Ballen and Raul Clemente Huerta, trailed with 20 per cent each.

Sr. Roldos is the son-in-law and protege of Sr. Assad Bucaram, the populist former mayor of Guayaquil, whose own attempt to run for the presidency was forbidden by the military government.

As none of the candidates can now take an absolute majority, a second round will have to be held, probably in September, between the two leading candidates. The military junta has repeatedly promised to hand over to the elected president, whoever he is. But the victory in the first round of Sr. Roldos will be a serious blow to conservative sectors, and a re-shaping of party alliances will take place before the second round.

However, as the Popular Forces vice-presidential candidate, Sr. Oswaldo Hurtado, pointed out after the election, neither the Liberal-dominated grouping which supports Sr. Raul Clemente Huerta, nor the conservative-led alliance backing Sr. Duran will be able to transfer votes in a block. So, whichever is runner-up in the first round (and Sr. Duran has the slight advantage so far) will have difficulties outstripping Sr *Roldos, who will probably take* Democratic Left and the Marxist Left votes.

The turnout yesterday was 80 per cent on an extraordinarily orderly election day.

Marxist to sue university

By David Buchan

WASHINGTON, July 17.

A SELF-CONFESSED Marxist, Professor Bertell Ollman, today announced that he was suing the Board of Regents of the University of Maryland for failing to confirm his appointment, made this year, to head the university Politics Department. He is also issuing a $5m libel suit against the newspaper columnists Rowland Evans and Robert Novak.

Prof. Ollman claims that pressure from prominent Maryland politicians, including the Acting Governor, Mr. Blair Lee, has delayed his appointment, and says that he is taking court action to defend "the freedom to express one's political views."

Mr. Ollman is suing Evans and Novak for alleging in a column in May that his main purpose was to convert his students to socialism.

U.S.-CHINA RELATIONS

Long march to recognition

BY DAVID BUCHAN IN WASHINGTON

WITH U.S.-Soviet relations now nearly as chilly as those between China and the Soviet Union, the third side of the big power triangle is coming sharply back into focus. The Carter Administration appears to consider it high time to speed up the long march towards diplomatic relations with Peking, responding in part to the stated desire of Chairman Hua Kuo-feng and Premier Teng Hsiao-ping to build China up on the back of Western trade and technology.

Despite the slump in U.S.-Chinese trade since the $1bn peak volume recorded in 1974, Mrs. Juanita Kreps, U.S. Commerce Secretary, has forecast that this year, with China returning to the market for U.S. grain, bilateral trade should double to $700m against $360m in 1977. A recent gesture that would help fulfil this forecast has been U.S. Government permission for the sale to China of infra-red scanners, which have a potential military use.

Two months ago, Mr. Zbigniew Brzezinski, President Carter's national security adviser, scored a notable success in Peking when he told his Chinese hosts that "our shared interests outweigh our differences." Mr. Brezezinski's visit also paved the way for another this month of 13 senior U.S. Government officials, led by Dr. Frank Press, the White House scientific adviser. Visits by private U.S. scientists and industrialists to China have proliferated since the historic Nixon-Mao meeting six years ago. But this month's visit was the first time senior U.S. officials have met their Chinese counterparts in energy, agriculture, mining, health, oceanography, science and technology. A top official from the National Aeronautics and Space Administration (NASA), for instance, was the first foreigner to visit China's satellite launching station.

Dr. Press said on his return that both Peking and the Carter Administration saw the trip—and what is hoped will follow in terms of exchange of scientific data and scientists and in increased trade—as giving fresh political momentum towards the normalisation of relations. The U.S., he said, could learn much from the Chinese in such areas as epidemiology and agricultural pest control, while U.S. industry could hope for more contracts in, for instance, steel and oil. The U.S. steel industry is sending a delegation to China at the end of this month.

Administration officials feel they cannot count indefinitely on Chinese tolerance of the half-way-house state of relations between the two countries. Peking pointedly took a long time to appoint a new head for its Washington liaison office, a post vacant since last year. Chinese irritation was expressed by Mr. Fang Yi, the Chinese Minister of Science, to Dr. Press that "if the obstacle of the lack of normalisation of Sino-U.S. relations is removed, vast vistas *will open up for the expansion* of scientific and technological co-operation."

For the U.S., the situation is less than satisfactory. Certainly, its Peking liaison office operates much like a full embassy. But as Dr. Press made clear, it is impossible to sign any official agreements with China until there are proper diplomatic ties.

Trade, too, has its frustrations. China continues to regard the U.S. only as a residual supplier, to be turned to when other sources are exhausted. This year it is only buying U.S. grain after it became clear that Canada and Australia could not provide enough. Diplomatic relations with Peking have certainly helped Western European and Japanese business establish itself in the Chinese market. This spring the European Economic Community signed a trade agreement with China.

Of course, in certain areas the U.S. is the only source of supply for China, but here many of the obstacles to U.S. sales are self-imposed. The Chinese are deeply irked by the bans that Washington still places on sensitive technology to China, though there are signs of further relaxation.

In early May a U.S. company called Daedalus was told it could not sell the Chinese infra-red scanners for geological prospecting, on the grounds that they could be adapted for anti-submarine warfare. After Mr. Brzezinski's visit, the decision was reversed and Daedalus was given the go-ahead. The rationale was that the generally low level of Chinese technology made such adaptation improbable. But again, U.S. export controls were the subject of some acrimony in talks with *Dr. Press's delegation.*

Both Mr. Cyrus Vance, the U.S. Secretary of State, who was in China last August, and Mr. Brzezinski, have come away from Peking impressed by the wide range of concerns shared by the two countries. Worry about Soviet-Cuban influence in the Horn of Africa, the need for a strong NATO, and a desire to see Japan keep its present intimate links with the West, are examples.

But this identity of interests is in large part created by mutual distrust of the Soviet Union. That may not last. Equally, it is recognised that U.S.-Chinese relations cannot be pursued solely as a function of the ups and downs in attitudes towards Moscow.

The State Department has reacted with noticeable wariness to overtures from Vietnam, now in bitter dispute with Peking which has withdrawn all economic and technical aid from that country. Mr. Phan Hien, the Vietnamese Vice-Foreign Minister, was quoted recently in Japan as saying that even if the U.S. refused to give the aid Vietnam is demanding for reconstruction, "We look forward to establishing full diplomatic ties." State Department officials say that the U.S. would be very cautious in taking up any Vietnamese overtures if the result was to provoke the Chinese.

What is beyond dispute is that establishing diplomatic links with Peking means cutting them with Taiwan. This not only follows from the 1972 Shanghai communique in which the U.S. recognised there was only "one China," but is also one of three conditions Peking has set for diplomatic relations with the U.S. The other two are the *withdrawal of all U.S. forces from* Taiwan, and the abrogation of the 1954 U.S.-Taiwan defence treaty.

The Taiwan lobby in Congress is strong and the Administration's agreement to these three conditions would undoubtedly cause an uproar. The political Right would see it as selling down the river a loyal ally of some 30 years and a dangerous precedent to Washington's remaining allies in Asia. Liberals of both parties also would probably be disturbed by the implications of no longer recognising some 16m Taiwanese.

There are few votes for Mr. Carter in abruptly ditching Taiwan. In addition, U.S. business would not ignore the fact that 10 times as much trade is done with Taiwan as with Peking. Bilateral trade with Taiwan totalled $5.6bn in 1977.

Clearly, the Administration is walking on eggs as it begins to confront the hard question of future links with Taiwan. While Mr. Brzezinski, as something of the gadfly in U.S. policy making, believes the issue must be tackled sooner rather than later, Mr. Vance will not want to stir up a new hornets nest. In any case no dramatic steps are likely before next year.

An assurance from Peking that it would not try to take Taiwan by force would help the Administration enormously. Such an assurance has never been given, although Chinese Ministers hinted to a U.S. congressional delegation, which left Peking over the weekend, that they might be willing to negotiate directly with the Nationalist Government in Taipei.

The departure of U.S. troops would not be catastrophic for Taiwan. Less than 1,000 remain (chiefly to service U.S. weapons systems) compared with a peak of 10,000 during the Vietnam war. While there does not yet seem to be any Administration strategy for disengagement from Taiwan, such a policy would become easier to the extent that other countries *can be brought* in to meet Taiwan's defence needs. This could be the reasoning behind the decision by the U.S. this month to allow Israel to sell to Taiwan its Kfir fighter aircraft, which have U.S. built jet engines.

Taiwan negotiations hint

A DELEGATION of U.S. Congressmen said China might be prepared to negotiate with Taiwan to settle their differences, reports Reuter from Hong Kong.

Speaking at a news conference at the end of a 10-day visit to China, Mr. Lester Wolff, the delegation's leader, said: "In our discussions on the issue, the historical fact was raised that twice in the past the Chinese Communist Party and the Kuomintang have come together and co-operated when it was in their common interest."

He said this point had been made several times during conversation with a very high-ranking Chinese official, whom he declined to name.

Mr. Wolff said, however, that the delegation did not feel Peking had altered its basic position for normalisation of relations with the U.S.—that Washington cut all diplomatic and military ties with Taiwan.

The Congressmen were also told that the Chinese Government did not rule out the ultimate use of force to reunite Taiwan with the mainland.

WORLD TRADE NEWS

Improvement in British exports to W. Germany

BY GUY HAWTIN

FRANKFURT, July 17.

BRITAIN'S TRADE with West Germany took a major turn for the better in May. Exports to the Federal Republic grew at a rate sufficient to boost the flagging performance recorded during the first four months of the year.

Figures, abstracted by British Embassy commercial staff from official Federal Government returns, show that the UK's shipments to West Germany expanded by an overall 19.7 per cent during the first five months of the year compared with the performance during the same period of 1977.

This must have considerably improved the spirits of British trade officials who have seen the UK's trade growth decline from 1977's average of more than 20 per cent. British shipments to West Germany during the first four months of the year increased by only 16 per cent.

During May, British exports to the Federal Republic totalled DM1.06bn ($511.6m). This gave Britain a 5.4 per cent share of the West German imports market which was a considerable improvement on the 4.8 per cent share recorded during the opening five months of the year.

The UK's total exports to West Germany in the January to May period amounted to DM 4.74bn ($2.3bn)—some 19.7 per cent above the DM 3.96bn shipped to the Federal Republic during the comparable period of 1977. Britain's share of the imports market also rose from 1977's 4.1 per cent.

North Sea oil remains a major source of export growth for the UK. Non-oil exports totalled DM 4.25bn—or 4.7 per cent of total West German imports—in the first five months. However, in May they amounted to DM 898m, bringing the UK's market share up to very *slightly* under 5.1 per cent. This compares with a 4.2 per cent share of the import market in the first five months of last year.

The figures for the opening four months, on the other hand, showed a total export growth rate of 16 per cent, while the non-oil exports went up at the rate of 15.8 per cent. This appears to have been mainly the result of a slow-down in the expansion of oil shipments, coupled with a 15.7 per cent drop in the deliveries of industrial semi-manufactures.

In the January to April figures, exports of wholly manufactured goods are shown 14.6 per cent up, at DM 2.47bn, on the comparable 1977 figure of DM 2.15bn. Encouragingly for British trade officials who are, naturally, seeking fast growth in this area, the UK share of the imports market in this sector rose from 5.4 per cent to 5.7 per cent during the same period.

While Britain's trade growth with West Germany is far outstripping the average 3.01 per cent increase in overall imports and the 5.6 per cent increase in *non-oil* imports, the Federal Republic's sales in the UK are also showing above average expansion rates. In Deutschemark terms, British imports rose by 2.2 per cent in the first five months, while the West German export total went up 16.5 per cent—a mere 0.1 per cent below the increase in UK imports into the Federal Republic. As a result, the visible trade surplus in West Germany's favour increased yet again. It went up from DM 1.82bn in the first five months of last year to DM 1.99bn.

Textile imports may decrease

BY LYNTON McLAIN

UK IMPORTS of textiles and clothing are expected to fall later this year after the £94m balance of trade deficit in the first quater, the Textile Statistics Bureau said yesterday.

The £55m rise in the deficit compared with the same period last year came after a steady rise in surpluses in the nine months to December when the quarterly surplus stood at £15.3m.

This had now been wiped out by a sharp rise of 17 per cent in textile imports. Imports of clothing also rose, by 7 per cent by value, compared with the first quarter last year, but exports of clothing rose 21 per cent, compared with the 4 per cent fall in exports of British textiles.

A total of 80 per cent of the increased imports of textiles were accounted for by man-made staples, wool tops, cotton and man-made fibre fabrics and carpets.

The rise in imports may have been caused by foreign exporters increasing shipments to beat the new quotas imposed after the Multi Fibres Agreement, the bureau said yesterday. There may also have been a temporary bunching of imports at the start of the quota year.

The fall in the value of sterling in the past three months would also have a positive impact on the trade figures. This would contribute to an overall reduction in imports by the end of the year.

Retail sales of textile products were fairly buoyant during the first quarter, but part of this activity was attributed to a significant increase in pipeline stocks. The seasonally adjusted index of textile production in Britain was 2 per cent down on the preceding quarter and 6 per cent down compared with the first quarter last year.

In the cotton and allied sector, activity remained depressed in the first three months of the year. The main problem area was spinning, and altogether year. The main problem area was spinning, and altogether there were 5,900 fewer jobs in March compared with a year earlier. Nearly half the jobs were lost between December and March.

Quarterly Statistical Review, Summer 1978. The Textile Statistics Bureau, £3.

9% rise in air traffic predicted

By Michael Donne, Aerospace Correspondent

WORLD SCHEDULED air passenger traffic is expected to rise by an average of 8.7 per cent a year between now and 1983.

This will raise the number of passenger-kilometres flown on international routes from the 1978 level of 307.7bn to 460.4bn in 1983, according to the latest estimates prepared by the International Air Transport Association, which represents most of the Western world's airlines.

The growth rate is a little lower than that experienced in the past six years, but it will still give the world's airlines, and the governments and agencies controlling them, some major problems in trying to handle the larger numbers of passengers involved.

For some regions of the world, the growth rates will be even higher. Between Europe and the Middle East, it is expected to average 14.8 per cent.

Airbus for Pakistan

By David Curry

PARIS, July 17.

THE Pakistan International Airlines has joined the list of Asian carriers to order the European A300 Airbus.

PIA, with an important domestic network and growing international business, particularly with the Middle East, has ordered four of the longer range versions of the B4 capable of distances of up to 3,100 nautical miles and has taken options for a further six.

The aircraft will replace for the most part Boeing 707s. It is understood that the choice of the new aircraft narrowed down essentially to the Airbus or adding to the fleet of Boeing 747s.

Asian airlines operating or intending to operate the Airbus, include the national carriers of India, Korea, Thailand, while Iran is also a customer.

Japanese plan for 1984 technology exposition

BY CHARLES SMITH

TOKYO, July 17.

JAPAN'S Science and Technology Agency has decided to *try to organise a technology* expo in Tuskuba City in 1984. An agency official says the expo will be about half the size of the 1970 Expo in Osaka. Construction costs would come to Y84bn (about £215m) and operating costs to Y56bn.

The expo would fit into the international expo programme which calls for the staging of specialised expositions at the rate of one every two years. It would be next in line after an energy expo which the U.S. is planning to stage in 1982, the Science and Technology Agency says. So far, however, no approach has been made to the Bureau of International Expositions which has overall responsibility for co-ordinating expos.

The Science and Technology Agency also admits that the plan has to be cleared with the rest of the government before it can go ahead. "As of now it is our agency that is proposing this project not the government as a whole," a spokesman said. Clearing the scheme with the rest of the government could prove complicated since the Science and Technology Agency is not the only government department which is concerned with technology. The powerful Ministry of International Trade and Industry is also concerned through its agency for Industrial Science and Technology.

Tsukuba City, in Ibaraki Prefecture some 60 kilometres north-east of Tokyo, has become known as a centre for scientific research following the transfer to the city of the former Kyoiku Draigakku (education university) from central Tokyo. More than 20 specialised research agencies are now located in Tsukuba, and the number is increasing. Discusisons on the expo project have been held with the Tsukuba City government and with the prefectural government of Ibaraki.

Snamprogetti Libya deal

SNAMPROGETTI, the engineering company of the Italian ENI group, has signed a contract with the Libyan National Oil Corporation for the supply of a large ammonia plant to be built at Marsa el Brega, Libya. The plant will have a capacity of 1,000 tons per day.

Based on a process developed by Haldor Topsoe (a Snamprogetti associated company), the complex will employ the latest *ammonia technology.*

The contract, worth some $150m, is on a turn-key basis and mechanical completion is scheduled within 32 months.

Meanwhile, Saipem, also of the Italian ENI group, has been awarded a contract by the Abu Dhabi National Oil Company for the construction of a marine terminal and associated onshore facilities in Ruwais.

Also on a turn-key basis, the deal is worth about $82m, and calls for the construction and installation of the complete works. The job will be completed in 23 months employing over 800 people, of which about 200 will be Italian.

Equipment to be used by Saipem for the offshore section will include the work derrick barge *Castoro 4* and a self-elevating platform recently acquired by Saipem. The value of the equipment involved in this project exceeds $14m.

This is the third recent Saipem contract, following one in Saudi Arabia for a 650-km oil pipeline and another in Iran for a large section of the I GAT-2 gasline. Saipem's order book now includes projects in 20 countries valued at about $780m.

High level Rolls-Royce discussions in Tehran

By Andrew Whitley

TEHRAN, July 17.

A TOP-LEVEL Rolls-Royce team, led by chairman Sir Kenneth Keith, paid a secret visit to Tehran last week, for talks with the Shah, it was learned today.

The visit was apparently the first serious step in what is thought here to be negotiations to supply Iran with power-plants for naval vessels and perhaps also aero-engines. Success would mark a highly significant breakthrough into a large, and fast growing, market monopolised until now by American aerospace manufacturers.

Accompanying Sir Kenneth on the four-day visit, from July 7 to 10, were Rolls-Royce's vice-chairman, Sir Denis Spotswood and a senior officer of the company, Sir John Russell, a former British Ambassador to Spain.

Mr. Ron Ellis, head of sales at Britain's Ministry of Defence, and a frequent visitor to Iran, was also on the private aircraft. Confirming the visit, a British Embassy spokesman said today that Mr. Ellis's visit and that of the Rolls-Royce team were linked.

The spokesman said Rolls-Royce was at an early stage of negotiations, but declined to go into details. It is known that the team saw the Shah, who personally supervises Iran's huge defence purchases programme.

They are also likely to have met General Hassan Toufanian, in charge of the procurement programme and head of the Military Industries Organisation (MIO).

Rolls-Royce won a large contract in 1976 to equip 1,100 mark 2 Chieftain tanks ordered by Iran with a 1,200 hp engine. Eventually this tank is to be assembled in Iran where it will be known as the Sher.

Toshiba TV plant for U.S.

TOKYO, July 17

TOSHIBA CORPORATION said it is building a factory at Nashville, Tennessee, and will start colour television production there later this year, with initial production of between 150,000 and 200,000 sets a year.

Meanwhile, Hitachi Limited said it and General Electric are waiting for approval by the U.S. Justice Department on their 50-50 joint venture project to take over GE's television business.

It said if approval is granted, the joint venture company, General Television of America, would operate from this autumn, hoping to raise the annual production in Syracuse, N.Y. and in Portsmouth, Virginia, from the present 800,000 sets to 1m next year.

Sony Corporation, Mitsubishi Electric Corporation, Matsushita Electric Industrial and Sanyo Electric Limited now produce 145,000 sets a month in the U.S.

Reuter

New curb on steel sought

By David Lascelles

NEW YORK, July 17.

THE STAINLESS steel industry, faced with flat markets for many of its products, has asked the U.S. Treasury to reopen an investigation of its complaints about alleged dumping of stainless steel wire by Japanese producers.

The industry had earlier withdrawn its complaints after the Treasury indicated it might impose trigger prices similar to those introduced at the beginning of this year for conventional steel.

But with the whole question of trigger prices for stainless steel products still up in the air, U.S. stainless steel makers have decided they want immediate protection against cheap foreign producers.

The whole U.S. special steel industry is in the throes of a debate over what protection it should seek when the current import quota system expires next year.

COMECON TRADE

Poland in talks with Soviet Union

BY CHRISTOPHER BOBINSKI IN WARSAW

FUTURE MUTUAL supplies of raw materials, trade exchanges and co-operation projects, including the problems of making inter-Comecon trade more efficient, were the subjects discussed at last week's five-day session of the 20th Polish-Soviet Trade Commission.

The meeting discussed the key question of next year's raw materials exchange as well as future Polish participation in raw materials projects in the Soviet Union.

The fact that the session was held earlier than usual shows that the plan for 1979 is to be prepared earlier in the year than has become the custom.

Moreover, the senior rank of the respective delegation leaders, Soviet Vice-Premier Konstantin Katuszew and Polish Planning Commission chairman Tadeusz Wrzaszczyk, reflects the growing importance of mutual trade whose value will reach 32bn roubles in the years 1976-80 compared to R13.5bn in the previous five-year period.

A total of 24 per cent of the mutual trade in this five-year period arises out of specialisation and co-operation agreements, and this figure will increase after 1980.

Co-operation in the production in Poland of offshore oil prospecting and extraction rigs and the production of equipment for automatic power stations have emerged as priority areas in future Polish-Soviet trade. It is thought that the oil rig production is aimed at Baltic oil exploration.

Atomic energy equipment will *on the other hand contribute* to Comecon's recently announced nuclear programme which foresees the construction of power stations with an overall capacity of 37m KW in Eastern Europe and Cuba and two plants in the Soviet Union with 4m KW output each for export to other Comecon countries.

Plans for future co-operation also include the production of heavy construction cranes some especially designed for work in below freezing Siberian conditions, heavy tipper trucks, heavy tractors and electric railway engines.

A statement published at the close of the session said that the role of the Commission "in controlling the fulfilment of mutual obligations should be increased."

This reflects problems referred to by Polish Premier Piotr Jaroszewicz in his speech at the recent Comecon session in Bucharest arising from late delieveries of previously agreed supplies and the ineffectiveness of existing penalties.

According to the Polish Press agency PAP there have been delays of Polish deliveries of sulphur, clothing and some fabrics and equipment for Soviet Kamaz lorry production in the Soviet Union this year.

On the other hand it appears from the official statistics that Soviet deliveries of gas in the first three months of this year were 89m cubic metres down on the same period last year which represents around a 2.5 per cent loss in relation to the agreed annual supply figure of 2.8bn cubic metres.

The closing statement of the Polish-Soviet session also says that the Commission working groups should "take into account the economic aspects of co-operation, including the problem *of prices, alongside the technical* and technological problems."

This is another echo of Premier Piotr Jaroszewicz's speech in Bucharest in which he stressed the importance of improving the financial mechanism within Comecon.

HOME NEWS

Trucks chief resigns from Leyland

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

R. DES PITCHER, the managing director of Leyland Vehicles, signed from the company yesterday after only 18 months in e job.

His departure follows a period speculation about changes at e company—the truck and bus anufacturing subsidiary of BL ormerly British Leyland)—as became clear that Mr. Michael dwardes, the group chairman, as taking an increasingly close terest in its affairs.

Mr. Edwardes made it clear at L's recent annual meeting that was not satisfied by the productivity record of Leyland ehicles, and that he was concerned about its loss of market are in the past few years.

The statement from BL yesrday said simply that Mr. tcher, who was recruited from erry Rand, had expressed the ish when he joined the company to return eventually to the ectronics industry, and this was hat he was intending to do. e would remain as a consultant BL.

Mr. Pitcher's departure is expected to be followed by the ppointment of another recruit om outside the company as anaging director.

There were suggestions last ght that Mr. Edwardes had one to the U.S. to find a ccessor, but in the meantime, r. Jack Smart, deputy manag- ig director, will direct the comany, reporting to Mr. Edwardes.

Mr. Edwardes' immediate concern over the company will be to improve production (it slipped from 64,000 units in 1970 to 43,000 last year), increase its UK market share (which has dropped in the same period from about 30 per cent to 20 per cent), and raise profitability, which has declined substantially in the past year.

There are also strong suggestions from inside Leyland Vehicles, which employs 30,000, that some plant rationalisation is now necessary.

To put this into operation during an election period might be difficult, but Leyland executives are openly speculating about the future of Guy in Wolverhampton, AEC at Southall, and the two bus chassis and body plants at Bristol and Park Royal, London.

On the investment side, most of the important new model programmes and plant developments are now well in hand. Mr. Pitcher was responsible for pushing through plans for about £100m worth of new investment, which will include an automated heavy truck building facility at Leyland in Lancashire.

Mr. Pitcher also leaves behind a radically different management system, organised on the decentralised lines which Mr. Edwardes has supported at BL Cars, than the one he inherited.

Joint monopolies prices body urged

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

IR. CHARLES WILLIAMS, rice Commission chairman, yesrday backed the idea of merg- ig his organisation with the lonopolies and Mergers Commis- on, provided that the former's owers were retained.

In a speech that was unusually utspoken for the head of a overnment body, Mr. Williams ugested changes not only to nat part of competition as policy hich he administers, but also that administered by the Office f Fair Trading.

The present method of making ectoral references to the Price ommission and the Monopolies ommission was not entirely atisfactory, he said.

He also criticised the National conomic Development Office y implication, for failing to lace enough weight on the conumers interest when considerng the whole question of comeition policy.

The Government's committee n competition policy recently recommended that the two commissions should be merged as part of a general tightening of the rules governing competition.

Earlier this month NEDO published a report endorsing the proposed merger of the commissions but opposing any major tightening of the rules.

Speaking in Oxford yesterday, Mr. Williams said that he had always supported the idea of the two commissions being brought together, provided that the Price Commission's powers, and in particular its ability to take initiatives in pricing investigations, were preserved.

Ideally, the Price Commission would be given new powers to make sectoral references as is now done by only the Department of Prices.

● Royal Doulton Tableware was yesterday allowed an interim price increase of 7.3 per cent while its original notification of 9.3 per cent is being investigated by the Price Commission.

Economic recovery 'could be reversed'

BY MICHAEL BLANDEN

HE UK ECONOMY has coninued to recover quite sharply—nt could go into reverse next ear, according to the latest fficial indicators published esterday.

The two short-term pointers to novements in the economy pubished by the Central Statistical Office—the indices of shorterading and coincident indicators—showed a further increase in lay.

However, the index of longereading indicators, which have an verage lead of 12 months at urning points of the economy, as shown a further fall.

The indices bring together a number of statistical pointers to he performance of the economy, and both the shorter figures have been rising for the past seven months.

The index of coincident indicators rose in May mainly as a result of an increase in retail ales, while the latest figures for ome other components, the index of manufacturing production and the measures of gross domestic product, have not altered the direction of movement. This index now stands at 7.2 per cent above last October's level.

Similarly, the composite index of shorter leading indicators, which have an average lead time of about six months, increased after a rise in the amount of new hire purchase credit extended which offset the fall in new car registrations. This index has risen by 8.9 per cent since October.

However, the longer leading indicators index, which has now been taken up to June, showed a further decline.

This was due to a slight decrease in the FT-Actuaries 500 index, and to a further rise in short-term interest rates (used in inverted form when compiling the index).

This index is now more than 11 points, or nearly 10 per cent, below the level of last October.

No immediate threat to mortgages—Abbey

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE DIFFICULTIES facing building societies in attracting funds should not lead to an immediate cut in mortgages, according to the Abbey National Building Society.

The Abbey, which yesterday published its half-yearly figures, said the latest increase in building society interest rates would improve the inflow of funds into the movement. In June, they fell to their lowest point for 18 monhts.

Mr. Tim Timberlake, chief general manager said his society also had "a very healthy cushion of liquidity."

He expected the Abbey to advance about £1.4bn to home buyers during 1978 against £1.1bn in the previous 12 months.

Mr. Timberlake said a policy of building up liquidity when the net inflow of funds was high had been "amply justified."

Some liquidity, he said, had been used to keep up the level of mortgage lending but even if net inflow remained low it would still be possible to keep the housing market moving "for several months to come."

It is clear, however, that the Abbey is more cautious than many other societies in taking a view on the short- to medium-term prospects.

The Abbey does not apparently subscribe to the view that there is much room for improving current lending levels, although it does believe that advances for 1978 as a whole will be up on last year's £6.7bn to reach around £8bn. Original lending targets suggested 1978 mortgage advances of about £8.6bn.

Abbey results, Page 24

New chief for Sinclair Radionics

BY JOHN LLOYD

SERIOUS POLICY disagreements in Sinclair Radionics, the Cambridge-based electronics company in which the National Enterprise Board has a 73 per cent share, has led to the appointment of a new managing director.

Mr. Michael Pye, who was technical director of Sinclair from 1973 to 1976, will succeed Mr. Norman Hewett, former managing director, tomorrow. Mr. Pye, 34, has worked for Texas Instruments and Gillette in the U.S.

Mr. Hewett, who was appointed only a year ago from the General Electric Company's heavy cables division, said yesterday that he had found serving three masters—Mr. Clive Sinclair, founder of the company and its chairman, the National Enterprise Board, and the Sinclair Board — to be an impossible task. There had been disagreements on policy which had resulted in his decision to resign.

Mr. Pye said that he would make changes in the management style of the company. "I would like to develop a personal approach to managemnt. I don't think I should be concerned simply with the financial, or the design, or the marketing side. I expect to know what is going on in every department."

He was keen to develop new lines but would concentrate initially on marketing the miniature television, the most recent and most successful Sinclair product.

U.S. move may pose threat to UK 'superchip'

BY JOHN LLOYD

DEVELOPMENTS IN the U.S. electronics industry may threaten National Enterprise Board plans to invest £50m in the production of the latest design of micro-electronic memory.

The board's plans, which will be announced in the next few weeks, are expected to involve production of a "superchip" known as the 64K RAM, which would be the most advanced micro-circuit memory in the world. It is thought that it would supercede the present 16K RAM, which is now beginning production in 16 U.S. electronic companies.

The strategy would be to begin mass production of the 64K RAM before any other major manufacturer, and thus gain the volume markets in Europe and in the U.S. which would be needed to make the venture profitable.

However, according to a report in the latest issue of *the authoritative Morgan Stanley Electronics newsletter*, two separate developments may mean that the UK's lead in the new technology will face serious challenge.

The Japanese company of Fujitsu has announced to its customers that it will have a version of the 64K RAM in production by September, while several U.S. companies have made it clear to their clients that they will have samples of the "superchip" available by the end of the year, with production beginning in mid-1979.

The second development is that a number of U.S. semiconductor companies are working on a new approach to the 16K chip in which a number of the 64K's advantages will be applied to the 16K.

The two major advantages of the 64K chip are that it will work from a single power supply (as against three in the present 16K) and that it will have a very small cell size. The objective which the U.S. companies have set themselves is a 16K chip with one five-volt power supply and a "shrunk" cell.

These advanced miniature computers — the "K" refers to "kilobytes," or thousands of units of electronic information which they can contain — are now finding more and more uses both in defence and computers and in consumer products, including cars. The U.K. Government has become convinced in recent months that the U.K. must have a domestic manufacturing capability if British industry is not to lag badly behind its competitors.

BP link with Plenty Group

BRITISH PETROLEUM and the Plenty Group have formed a joint venture to market water injection systems for improved oil recovery from onshore and offshore fields.

The company will be based at Newbury, Berkshire, and will begin operations later this year.

The joint venture claims to be the first British company offering the oil industry a complete systems approach to water injection including consultancy, project management and equipment supply.

BSC bid to sell platform division

BY JOHN LLOYD

TALKS AIMED at separating the loss-making Redpath Dorman Long division of the British Steel Corporation from its parent body are going on between BSC and the National Enterprise Board.

It is understood that the talks include the possibility of allowing the private sector to take a share in RDL.

Although the division made a loss of £5.3m over the past year, its interests in offshore oil platform construction are likely to make it attractive to the market.

Mr. Norman Lamont, a Conservative Shadow spokesman on industry, yesterday welcomed the possibility of private capital taking a share in RDL.

"If the National Enterprise Board is able to move parts of the division into the private sector on the British Petroleum model, then we would welcome this very much indeed."

RDL operates a platform-building company with the Dutch company De Groot named Redpath/De Groot Caledonian, in which it has a 48 per cent share.

De Groot acquired a 43 per cent share in the company for £2.7m earlier in the year. The division also has an offshore design company in which French and U.S. interests are involved.

RDL's losses stem partly from the severe cuts in British Steel's capital spending programme, since a significant part of its operations depend on building new steelworks. The construction side of the company has also suffered from the continued depression in the construction market.

OBITUARY

Robert Collin

ROBERT COLLIN, Assistant Editor and chief leader-writer of the Financial Times, died suddenly at the weekend at the age of 50.

Bob, as he was called by all of us, joined the newspaper 25 years ago, one of the generation of brilliant young men whom Gordon Newton recruited during his editorship. He was thus deeply involved in the successful development of the newspaper over the whole of that period. His own contribution was immense.

He came to journalism after an outstanding academic career at King's College, Cambridge, with a double First in Classics. Throughout his life he remained an academic in the best sense of the word, with an ever-questioning mind and rigorous intellectual honesty. Very widely read, keenly interested in music, he was always trying to broaden the range of his knowledge. He learned German so as to be able to read Goethe in the original, and last year started to learn Chinese.

When his name had first been put forward as a candidate for a job on the newspaper, Bob wrote "that the prospect of working with the Financial Times attracts me enormously." Within a very short time, he taught himself economics and the very essence of the art—for that is what he made it—of journalism. He had the rare ability of mastering quickly highly complex subjects and then writing about them clearly and elegantly.

The most striking quality which he brought to his professional life was his judgment and his sense of fairness. Sometimes seemingly detached, he always knew where he stood and why. He felt deeply that it was the duty of a commentator to put all the arguments before making clear what his own position was. His influence on the newspaper's editorial policy, indeed on its whole stance, rested at least as much on this personal basic approach as on his enormously wide knowledge and the wisdom derived from properly used experience.

However great the loss to the newspaper, the personal loss to his friends and colleagues is immeasurably greater. Everyone at one time or another turned to him as friend and counsellor. Everyone knew that they could always rely on his patience and a deep-rooted kindness. He was the most loyal of colleagues, the most sympathetic of friends, the most discreet of confidants. To say that we shall miss him is literally true: it cannot possibly convey the sense of loss caused by his death.

He leaves a widow and four children.

M.H.F.

Ekofisk pipe back in action

THE 220-MILE oil pipeline from the North Sea Ekofisk Field to Teesside has been re-started following a six-week shutdown for repairs.

A 150-feet section of the pipeline, located about four miles from the coast, has been replaced. The pipeline was damaged last summer by a ship's anchor.

Norpipe, the operator of the pipeline, said yesterday that the field, in the Norwegian sector of the North Sea, is now producing more than 360,000 barrels a day and this will be increased as Tor, the latest field to come on stream, builds up production.

The Ekofisk complex is expected to reach a peak of some 650,000 barrels a day of oil in 1980-81. Three more fields are still to come on stream—Edda, Eldfisk, and Albuskjell.

The temporary closure of the pipeline did not seriously delay production as the oil was loaded into tankers at the field.

HOME NEWS

Orders for Drax B will total £275m

BY JOHN LLOYD

ORDERS TOTALLING about £275m will be placed in the next few months by the Central Electricity Generating Board for the major part of the Drax B coal-fired power station, due to be completed in 1986.

The placing of the orders is slightly behind schedule, as the electricity Board had expected to announce them by the end of this month. The Board said that this would not mean a delay in the commissioning of the station.

The largest will be the boiler contracts, worth around £150m, which will be let to Babcock and Wilcox. However, there is some uncertainty about a substantial part of that contract, worth around £13m, for the provision of flues and ducts for the boilers.

The sub-contract was to have gone to Clarke Chapman, which last week announced its withdrawal from talks to merge its plant in Gateshead with that of Babcock in Renfrew.

Clarke Chapman is a subsidiary of Northern Engineering Industries, together with C. A. Parsons, part of the Reyrolle Parsons group.

Mr. Tom Carlile, deputy chairman of Babcock and Wilcox, said yesterday that the company was talking to a number of manufacturers, including Clarke Chapman, about the sub-contract.

"The work is the type which could be done by any one of half a dozen manufacturers. We are at the stage of horse trading with a number of manufacturers on price, and there might be a change of plan at the conclusion of these talks. In the end, the customer (the Electricity Board) will decide."

Northern Engineering was formed last November by Clarke Chapman and Parsons to broaden their base and quieten fears that they were individually insufficiently strong to weather the inevitable adversities in the power-plant market.

Although Parsons had firmly refused to merge its turbine generator interests with those of the General Electric Company a year ago, it was made clear that talks on a possible merger on the boiler-making side between Clarke Chapman and Babcock would continue.

These talks foundered last week on pessimistic assumptions by the boilermaking companies on future orders from the electricity board and fears that in such a situation, Babcock—as the dominant force in any future merger—would transfer much or all of the available work to its Renfrew base, thus closing down Clarke Chapman.

If Babcock now does not give the Drax B contract to Clarke Chapman, it may find itself in a difficult position. It presently has work for only one more year, mainly on the Littlebrook power station.

Clarke Chapman said yesterday that it expected that it would receive the order.

Gateway drops trading stamps

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

GATEWAY FOODMARKETS, the west country supermarket chain, is to drop trading stamps and lower prices with the money saved. Gateway, which was taken over by Linfoods last year, was one of the retail chains which took on extra Green Shield franchises after Tesco dropped stamps last summer.

But the company has now decided that "nobody is interested in stamps any more" and that lower prices are a more effective way of building sales. It estimates that stamps are costing about 3 per cent of turnover. Price cuts will be mainly on packaged goods.

At present Gateway gives stamps in 79 of its 93 branches. Most of these franchises are Green Shield, but in six stores the company gives Pink Stamps, which it took over from Sperry and Hutchinson in 1975 for a nominal sum of £1.

Over the past few months Gateway has been testing a discount operation in four stores. It claims that in them it has been able to favourably compete with Tesco on price. This pricing policy will now be extended throughout the group.

● International Stores, biggest of the three large groups to take on additional Green Shield franchises last summer, is to convert more of its shops into Pricerite discount stores.

At present, there are about 100 branches of Pricerite, none of which gives stamps, and the plan is to increase this number to 200 by the end of the year. That will leave around 500 International branches giving stamps.

Views sought on further railway electrification

BY OUR INDUSTRIAL STAFF

THE GOVERNMENT and British Rail have circulated a formal call for views on the case for main line electrification in Britain, for review before the end of the year.

The review, announced by Mr. William Rodgers, Transport Secretary, on May 24, is being conducted by the Transport Department and the British Rail Board through a joint steering group.

British Rail has already told the Government that it thinks a good case can be made for main line electrification on a greater scale than at present. A rolling programme lasting for between 15 and 20 years is envisaged to mitigate the impact of oil shortages expected towards the end of the century.

At the moment 3,700 km of BR's 46,000 km of track is electrified. The BR suggestions call for evaluation of three possible solutions which would in total electrify a further 5,400 km at a cost of £580m.

British Rail said it would take five years to build up from the present electrification rate to the 250 km to 400 km expected if the programme goes ahead.

Thirty-nine organisations, including the TUC, the CBI, the rail unions, academic bodies, and the Friends of the Earth environmental pressure group, have been asked for their views on electrification.

Former mental patients 'face job discrimination'

BY JAMES McDONALD

PEOPLE WHO have suffered mental illness need legislation to protect them when they recover and try to find work, says the National Association for Mental Health in a report published yesterday.

The report lists 40 case histories of people who have encountered discrimination because of their past illnesses.

Among them was a solicitor who after suffering depression lacked the confidence to return to the legal profession, and had been applying for clerical jobs since the end of 1976 without success.

Another case is of a man who is a Doctor of Philosophy, with teaching qualifications. He had been rejected on medical grounds by British Rail for a job as a porter.

The report, Nobody Wants You, says that one-third of the work of general practitioners is in response to mental health or psychosomatic problems and their annual mental health "case load" reached 5m.

Call to improve existing homes

By Michael Cassell, Building Correspondent

A NEW approach to home improvement policy in the UK was called for yesterday by the National Home Improvement Council.

Mr. Ernest Cantle, deputy director, told a meeting of MPs at the Commons, organised by Shelter, that a dynamic policy was required to improve the quality of existing housing.

"Realism rather than idealism must be the cornerstone of a future homes policy. The realism is that, in spite of the effort being made, continuing deterioration of housing stock is gaining on the programme of improvements."

Housing policy should ensure the right of every individual to conditions which were fit to live in and should maintain conditions throughout the total housing stock. The council was not convinced that either of these objectives would be achieved in the near future.

Small builders

The council wants to see more imaginative use of grant aid, which must constitute a more realistic element in the total cost of improvement. Local authorities and building societies should be given an incentive to provide the balance of any necessary loan for improvement, possibly in the form of a loan guarantee.

Small builders should be encouraged to take on improvement work by arranging the direct payment of grants and by a simplification of grant paper work. Re-rating of improved property should be deferred for five years so that grant incentive was not cancelled by bigger rate bills.

Mr. Cantle added: "We are urging the Government to produce a total housing policy based on maintaining the best part of our existing housing stock. Time should be given in the next Parliamentary session to develop a home improvement policy with a new approach—a new dynamism."

New plan for running some GLC estates

THE Greater London Council is to consider the possibility of setting up independent authorities to run its housing estates in those London boroughs which refuse to accept transfer of council homes.

Mr. George Tremlett, leader of the council's housing policy committee, is to call for a report from officers on the possibility of seeking powers for what would be a unique scheme in housing administration.

Mr. Tremlett said: "Local landlords for local tenants makes sense. This is why the GLC is determined to get out of the housing maangement business and instead use its housing muscle and money to give help where it is most needed—in inner London."

Intex to spend £3.5m and cut 250 jobs

By Rhys David

INTEX YARNS, the biggest UK producer of textured polyester and nylon yarns, is to spend about £3.5m to modernise two plants in Greater Manchester but will reduce its total labour force by 250.

The company, part of ICI, is planning to concentrate manufacturing at its Radcliffe site in Bury, where new equipment will include 10 high-speed texturing machines designed and built by Ernest Scragg.

Employment at Radcliffe will remain much the same, about 660, after the new equipment comes into use next spring. The job losses will be at Golborne, near Wigan, where around 840 people are now employed.

Intex, which supplies around 70 per cent of the dyed textured yarn used in the UK textile industry, will phase out older machinery at Golborne in the second half of 1979.

Police and armed soldiers at London's Heathrow Airport yesterday as part of the strict security operations for the arrival of the Egyptian and Israeli Foreign Ministers for the talks at Leeds Castle, near Maidstone, Kent.

Castle in a lake is a modern bodyguard's dream

BY MAURICE SAMUELSON

THICK stone walls, a natural moat and only one way in and out make Leeds Castle, Kent, the modern bodyguard's dream. A 20-acre lake surrounded by fields and woodland are much trickier terrain for a modern hit-and-run terrorist than the street outside London's Churchill Hotel, where the Middle East peace talks were to have taken place.

The change of venue was at the behest of the British who told the Americans, convenors of the conference, about their fears of an assault in London by hard-line Arab opponents of the Egyptian-Israeli talks. The Americans put it to the Egyptians and the Israelis who agreed with little hesitation.

It is only the second top-level international gathering at Leeds Castle in modern times. The first was last summer's conference of European Foreign Ministers. As on that occasion, the setting will lend grandeur as well as security to the encounter. Delegates will look out across tufted duck, Canada geese and black swans to the 475 acres of peaceful parkland.

The castle, one of the most beautiful in the world, stands on two islands in the middle of a 20-acre lake. It has 20 bedrooms with four-poster beds and has Impressionist paintings.

But its security depends not only on its location and the six-feet thick battlements. As the participants arrived there by helicopter yesterday, armed police manned gates and roads in the surrounding countryside. Every gate at the castle and grounds, usually thronged with tourists in July, was manned by at least two policemen, one armed, and with vans or Land-Rovers.

More police with Alsatians patrolled the grounds and a helicopter clattered overhead. Police marksmen were on alert.

Naturally there are also disadvantages for a modern international conference. Although the chief participants will be assigned luxurious rooms with four-poster beds, some of their aides will have to share rooms, either at the castle or at an hotel in Maidstone. The Press particularly will find it far harder to file from Maidstone's Great Dane's Hotel, where regular briefings are being held, than if they had been at a major London hotel.

Indeed, some journalists are hoping to be briefed by officials at the Israeli, Egyptian and American embassies.

However, yesterday's security was still far less obtrusive than at London's Heathrow airport where Mr. Dayan and Mr. Kamel, Israeli and Egyptian Foreign Ministers, arrived yesterday, before being taken by helicopter to the castle.

Tanks, armoured cars and armoured troop carriers clamped a ring of steel around the airport, and 100 troops were on patrol.

Police claimed this was merely a coincidence and that they were on an exercise which had been arranged some time ago.

This explanation was, surely, just another symptom of the security surrounding the Middle East peace talks.

Britain proposed the use of the castle only after last week's shooting of a former Iraqi Prime Minister outside a Mayfair hotel. Although not connected with the Arab-Israeli conflict, this shooting underlined the possibility of an attack on the conference by the Iraqi-based Black June group.

Curb likely on sale of stand-by tickets

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE British Airports Authority may be forced soon to make airlines offering cheap stand-by tickets to the U.S. to sell them only from town ticket offices, so as to ease congestion in terminal three, Heathrow.

Some of the airlines have resisted an earlier warning by the authority that unless they stopped sales at the airport and sold these tickets only at their town offices, it might impose a legal ban on the operation.

Over the past weekend, terminal three was congested with would-be cheaper-fare travellers, and many of the higher-fare passengers were impeded at check-in desks, while other facilities including restaurants at the terminal were swamped.

This is what the authority feared would happen originally when cheap stand-by tickets were introduced.

Air dispute eases but many flights delayed

DELAYS AT UK airports, stemming from industrial disputes affecting air traffic control services on some parts of the Continent, began to ease yesterday, but many passengers were still waiting for their flights several hours after scheduled departure times.

The dispute which caused most of the problem over the weekend stemmed from traffic controllers at Bordeaux refusing to accept more than four flights an hour from UK airspace.

This compelled UK air traffic control services, run by the Civil Aviation Authority, to restrict the rate at which aircraft could leave many UK airports if bound for southern Spain or the western Mediterranean and requiring passage through Bordeaux air space control.

Page from emperor's book makes £32,000

SALEROOM

BY ANTONY THORNCROFT

A PAGE from the Emperor Akbar's copy of the Hamza-nama, depicting Hamza with a Byzantine princess, was sold for £32,000 at Sotheby's yesterday. This was an auction record for any Indian painting, beating a previous best of £30,000 set in 1973. A 10 per cent buyers' premium must be added to the price.

Another page from the same book, produced in about 1570, was sold for £26,000. Top price was paid by the Felton Bequest Trust and the picture will go to Melbourne museum, Australia. The second page went to Colnagi. The sale of Oriental manuscripts and minatures produced £110,851.

The glass auction at Sotheby's produced £35,679. A Royal Potsdam golblet and cover with a portrait of Frederick I, made in about 1710, was sold for £3,000, and a slightly later goblet from Potsdam/Zechlin realised £2,400.

A pair of book covers, each painted with a seated Qajar ruler at court, realised £700 yesterday in a sale devoted to Persian and Islamic works of art at Christies'.

Record retailer looking for buyer

BY PAUL TAYLOR

HARLEQUIN, the record retailer, may be forced out of business by the boom in illegal home cassette recording and the high street record discount war.

Mr. Laurie Krieger, Harlequin managing director, said last night that he was "depressed" by the failure of the record companies to get to grips with the blank tape problem.

He said: "If someone comes up with a good offer for Harlequin I think I will accept it."

In the past 18 months Harlequin has closed 15 shops and now has 55 retail outlets in London and the South East with a turnover of between £5m and £6m a year.

Squeezed

Mr. Krieger said profit margins in the last two years had been squeezed falling from £400,000 to £150,000 last year with worse results expected this year.

The main cause for Harlequin's worsening financial position, said Mr. Krieger, was the blank tape boom. Last year more than 50m blank cassettes were bought and estimates of the lost revenue to the music industry range from £50m a year upwards.

Heavy discounting by multiples such as Woolworths, Smiths and Boots knocking up to £1 off the top selling albums, have forced the specialist shops like Harlequin to follow suit.

However, specialist shops carry heavy catalogues of back material and do not have sufficient sales to make discounting viable.

Coupled with the effects of recession and substantial increases in shop rentals Mr. Krieger who is also chairman of the Gramophone Record Retailers' Committee, believes the days of the specialist record stores in prime site locations could be numbered.

Welsh plan to spend £8.2m on reclamation

By Robin Reeves, Welsh Correspondent

THE WELSH Development Agency is to spend a further £8.2m on 71 new land reclamation projects as part of its three-year programme of schemes costing £15m, launched in April last year.

The project will result in nearly 1,350 acres of land becoming available for factories, housing, schools, recreation, road improvements, and public open space.

The largest share of the money—£3.1m.—will go to Mid-Glamorgan, which has the greatest concentration of industrial derelicts of any county in the UK.

Since the Government-financed reclamation of derelict land first started in 1967, following the Aberfan disaster, a total of more than 10,000 acres in Wales have been cleared and restored to new use.

Meanwhile in Mid-Wales, the Development Board for Rural Wales, has succeeded in attracting two more companies to set up businesss in Newtown Powys.

A and E Circuits, part of Edinburgh Industrial Holdings Group, is to move its electronics components production from Harrow in North London to a 20,000 sq ft factory in Newtown. It eventually expects to employ 80 people as output builds up.

Elkay Electrical Manufacturing, an electrical components marketing and distribution company, is also to transfer from South East London to a 20,000 sq ft factory.

Initially, Elkay will employ about 60 people but the company has long-term expansion plans for producing printed circuits and injection mouldings.

Action urged to halt rural depopulation

THE GOVERNMENT should give the same priority to tackling rural depopulation as to the problems of inner city areas, Sir Duncan Lock, chairman of the Association of District Councils, said yesterday.

Local councils "look enviously" at the emphasis given to inner city areas, whereas rural depopulation was simply the reverse side of the same problem.

Sir Duncan was outlining issues to be raised at tomorrow's council meeting of the association, which represents 333 local authorities in England and Wales.

The association has been invited to put recommendations to the Countryside Review Committee, set up to deal with rural depopulation, and which is expected to report to the Government by the end of the year.

£300m benefits 'not claimed'

BY PAUL TAYLOR

ABOUT 1m people in Britain are failing to claim the supplementary benefits they are entitled to, and together they are losing up to £300m a year.

A study published today by the Supplementary Benefits Commission shows that the "take-up" rate for benefits is about 75 per cent.

The commission is to launch a campaign aimed at increasing the take-up rate to 90 per cent and so put £200m a year into the pockets of about 600,000 people.

While some of the figures to emerge from the study, particularly those on one-parent families, are causing the commission concern, the results of the survey suggest the overall problem is less serious than was thought.

The study reaches three main conclusions:—

● The real amount of unclaimed benefit in 1975 was nearer £200m than the £600m suggested but because of uprating the figure is now probably closer to £300m.

● There are about 900,000 people failing to claim benefits to which they are entitled.

● Of those not claiming their benefit entitlement 250,000 either have an entitlement under £1 a week (mostly pensioners) or one which has lasted less than a month.

About 600,000 pensioners and 130,000 unemployed people account for most of the unclaimed benefit.

Among the remainder are 40,000 one-parent families—11 per cent of the total number of one-parent families entitled to benefit—and the average amount of benefit they lost was £13.20 a week.

The study suggests as many as half those not claiming benefits live in households where incomes total more than 20 per cent above benefit standards.

Many of those not taking up entitlements are not "totally destitute," says the report but it also warns against the opposite conclusion that they are "living in relative affluence and that we should cease to be concerned about them."

A wide number of reasons why people fail to claim benefits including "pride, ignorance and a sense of stigma," are suggested in the report.

The study says it is unlikely that all benefits will be claimed because the amount of benefits involved for the last 10 per cent are so small. But the commission should "give consideration" on how it can move towards an overall take-up figure of 90 per cent.

Mr. David Donnison, chairman, of the commission, said the campaign to reach those entitled to benefits who are not claiming should concentrate on those with families, followed by pensioners.

The commission had ruled out a television advertising campaign because this brought too many abortive claims, instead it will launch a campaign next year based on simplified leaflets, forms and letters and is considering direct-mailing to those who already receive child benefit, pensions or who have registered as unemployed.

Mr. Donnison also said he would like to see local authorities advise those receiving rent and rate rebate to switch to supplementary benefit if this would make them better off. He suggested this could apply to about 370,000 people at the moment.

Take Up of Supplementary Benefits, HMSO Supplementary Benefits Administration Paper No. 7, price 85p.

ESTIMATES OF TAKE-UP OF SUPPLEMENTARY BENEFIT, 1975

Group	Total likely to be entitled	Proportion receiving benefit %	No. elegible (but not) receiving benefit	Estimated benefit unclaimed £m
Pensioners	2,290,000	74	600,000	65
Non-pensioners: total	1,340,000	75	330,000	175
Sick	260,000	87	30,000	10
Unemployed	590,000	78	130,000	60
One-parent families	310,000	89	40,000	25
Others	180,000	26	130,000	80
Total for all groups	3,630,000	74	930,000	240

Sometimes necessary to pay for help—Park

MR. ALEX PARK, former British Leyland chief executive, conceded at the Old Bailey yesterday that it was sometimes necessary to pay for help in getting business.

Mr. Park, giving evidence in the "Ryder Letter" trial, also agreed that a person might wish to be paid through a Swiss bank account.

Graham Barton, 34, and his Turkish-born wife, Fatma, 32, of Lincroft Gardens, Hounslow, Middlesex, between them deny five charges relating to the alleged forging of copies of two letters, including one purporting to be from Lord Ryder, former chairman of the National Enterprise Board, and using the forgeries to sell their story to the Daily Mail for £15,000.

Mr. Park was being cross-examined by Mr. William Howard, QC, defending Mr. Barton, a former financial executive with British Leyland.

At one point Judge Alan King-Hamilton, QC, intervened to ask Mr. Howard whether it mattered "two hoots" for the purpose of the trial whether or not British Leyland had engaged in bribery. Mr. Howard replied that he was most anxious that he should not injure British Leyland or embarrass anyone. "But the whole of my defence turns upon the honesty of my client when he produced these reports, whether he thought the letters might be true."

Mr. Park denied that British Leyland had made cash payments "by suitcase" to representatives of foreign countries. The phrase "by suitcase" implied that payments had been made in hard cash. "Virtually all payments are made by cheque or banker's draft."

Mr. Park agreed that there were examples in Mr. Barton's reports of people being paid so that contracts could be obtained.

Stonefield Vehicles given £2m injection

BY PETER CARTWRIGHT

AN ADDITIONAL £2m is to be injected into Stonefield Vehicles, the newly-established manufacturer of four-wheel-drive vehicles, by the Scottish Development Agency.

The investment will bring the Board's stake in the Cumnock, Ayrshire, company to £3m. It now has 75 per cent of the equity, the remainder being held by the McKelvie family trust inherited from the late Mr. Jim McKelvie, who was the originator of the project.

The extra support was recommended by Mr. John Barber, the former British Leyland managing director, who was asked to study the market possibilities. The management team has also been strengthened by the appointment of Mr. Bernard Jackman, former Rover managing director, as chairman.

Production of the Stonefield, a vehicle designed for rugged off-highway military and civilian use, has started at two a week. The aim is an eventual output of 50 a week, when the company should be employing more than 400.

Demonstration models have aroused wide interest and there are already sufficient orders to carry the company well into next year.

Both basic models of the Stonefield, which is designed for either 2 or 3.5 tonne payload capacity, have automatic gearboxes as standard and Ferguson Formula units made by Borg Warner that deliver two thirds power to the rear wheeels and one third to the front. A self-energising clutch automatically locks up to prevent wheel spin.

The vehicles have been put through their paces in military tests recently and the Army has shown interest in the more powerful model powered by a 5-litre Chrysler engine which is being added to the production line this autumn.

The Defence Department is also interested in the lower horsepower model powered by a 3-litre Ford, particularly for overseas sales in the Middle East.

Tighter laws on petrol price display at garages

BY SUE CAMERON

THE GOVERNMENT is planning to tighten regulations on the way garages display petrol prices.

The Department of Prices and Consumer Protection wants to end misleading practices, such as failure to advertise the fact that discounts are given on whole gallons of petrol only and not on parts of a gallon.

A consultative document, which is going out to petrol companies, retailing associations and consumer groups this week, proposes that all garages should be made to display higher charges for part gallons just as prominently as the price for a full gallon.

It also calls for an end to the practice of displaying decimal points of a penny in much smaller type than the whole pence. This can give the impression that petrol is being sold at almost a penny cheaper than it really is.

Although the Prices Department is going to consult interested parties on the new regulations, it is expected that they will be introduced without any major objections sometime in the autumn.

LABOUR NEWS

Compromise on airports worker-director choice

BY PAULINE CLARK, LABOUR STAFF

BRITISH AIRPORTS Authority is to take two union-nominated worker directors on to its main board after an agreement reached yesterday between management and representatives of ten trade unions in the state-owned enterprise.

But in a compromise formula which the Authority is expected to announce today, with its presentation of the annual report, all its 5,000 employees, whether union members or not, will be allowed to vote on the union nominees.

The formula seems well in line with the kind of option put forward during the debate on the Bullock proposals by groups who were fearful of too much union control of industrial democracy structure. It was not, however, one of the main options dealt with in this year's White Paper on industrial democracy.

The two directors to be selected by the compromise formula are expected by the Authority to take their seats by the beginning of next year. The present Board consists of four full-time and five part-time directors.

The decision is the culmination of some two years of negotiation between unions and management in which the major contention has been how far the unions should dictate selection of worker representatives at board level.

Since the beginning of this year, efforts to reach agreement on the issue have been stepped up to try to ensure that the Authority meets the August deadline for state-owned enterprises to present their plans for industrial democracy to the Government.

The Authority's plan for "universal suffrage" on union-nominated worker directors was accepted yesterday by 13 votes to four, with only two representatives from the union side from the Institution of Professional Civil Servants and the Civil and Public Services Association opposing the compromise.

The two dissentors are believed to have urged greater union control over the selection procedure.

The union side is happier about the compromise than it was last January about the Authority's proposal of an experiment with two worker directors nominated and voted upon by a referendum of all staff.

Experimental job subsidy launched

BY OUR LABOUR EDITOR

THE GOVERNMENT yesterday announced an experimental small-scale job subsidy aimed at helping the long-term unemployed.

The Department of Employment said the scheme was simply to test-market an idea in areas suffering varying degrees of unemployment.

They are Merseyside which, following a number of factory closures this year, has an unemployment level of 11.7 per cent; Tyneside, which is above average at 9.1 per cent; and Leeds, which is on the average for Britain of 5.9 per cent.

The announcement could be seen, however, as a prop to Labour's election prospects. Of the eight Liverpool parliamentary seats, two could be called marginal, and Newcastle North is held by the Conservatives with a majority of only 469.

There are no marginals in Leeds, although it sends to Parliament Mr. Denis Healey, the Chancellor, and Sir Keith Joseph, the Conservatives' chief policy adviser.

From August 7 for nine months, employers in these areas will be able to apply for a subsidy of £20 a week for each worker they take on who has been on the local unemployment register for 12 months or longer.

The workers must be between 19 and 64 if they are men, and 19 to 59 if they are women. The subsidy will be paid for six months. About 6,000 unemployed are expected to benefit, at a gross cost of £3m.

The Department is awaiting formal consent from the EEC, which recently objected to the temporary employment subsidy—paid to existing workers in danger of losing their jobs—but it is understood that the new experiment has been informally approved by Brussels.

The announcement was made in the House of Commons by Mr. Albert Booth, Employment Secretary, in answer to a written question from Mr. Max Madden, Labour MP for Sowerby.

Claim for increased London allowance

By Alan Pike, Labour Correspondent

CIVIL SERVICE unions are to claim increases of up to 53 per cent in the allowances paid to their 150,000 members who work in the London area.

The staff side of the Civil Service National Whitley Council has submitted a claim for inner London weighting rates to be increased from £465 to £713 per year. It wants the outer London rate to rise from £275 to £372.

Mr. Bill Kendall, staff side secretary-general, said yesterday: "The claim is soundly based on the criteria recommended by the Pay Board and official statistics compiled by the Department of Employment."

Agreement

Increases in London weighting have been prevented under pay policy since 1975. The existing arrangements in the Civil Service are based on a report produced by the now defunct Pay Board.

The wage rates on which this year's Civil Service pay agreement under Phase Three were calculated did not include London weighting.

Teachers unions have already begun efforts to increase their members' London allowances by submitting a claim which is due to go to arbitration later this month. Local government employees and other groups are expected to make similar claims later in the year.

Firemen's threat over shorter working week

FIREMAN MAY take further industrial action in pursuit of their claim for a shorter working week, Mr. Terry Parry, secretary of the Fire Brigades Union, said yesterday.

Mr. Parry, speaking after a one-day delegate conference at Blackpool, said firemen might enforce a 42-hour week unilaterally if agreement was not reached with local authorities.

The introduction of a 42-hour week was agreed as part of the settlement after the two-month strike early in the year. November was set as the deadline for an agreement between the firemen and local authorities.

Mr. Parry warned that if the firemen were forced to introduce the scheme themselves—without the recruitment of up to 4,000 extra men the union says would be needed to make the scheme work—then fire cover will inevitably be reduced.

He said that for the time being the union would accept a suggestion from ACAS (the Advisory, Consiliation and Abritration Service) that the matter should go to an independent third party for consideration, but he added: "As we get nearer the November deadline then firemen are going to get even hotter under the collar."

A 10 per cent increase, the 42-hour week by November and pay parity with skilled workers in industry by November 1979 were the main points of the deal which settled the original dispute.

After several months of consideration, a package deal on the shorter working week was offered by the local authority employers last month but was rejected by the union because of points on manning levels and shift systems.

'Pill' firm hits back at union

By Our Labour Editor

A U.S.-OWNED pharmaceutical company yesterday hit back at attempts by a white-collar union to start a consumer boycott of its oral contraceptives and exert political pressure in order to achieve recognition.

John Wyeth and Brother said it was regrettable that the association of Scientific, Technical and Managerial Staffs was trying to affect the prescription of its Ovran and Ovranette pills. This would cause "considerable concern and inconvenience to millions of women, and in some cases could be hazardous."

Referring to a recommendation of the Advisory, Conciliation and Arbitration Service that ASTMS should be recognised for salesmen, the company said the union's membership was too low to justify recognition. It already recognised the Transport and General Workers' Union and the Association of Professional Scientists and Technologists.

Neither the ACAS recommendation, nor the Organisation for Economic Co-operation and Development code for multinationals, to which the union is appealing, had the force of law, the company said.

Shorter hours must not affect pay deals–NALGO

BY OUR LABOUR STAFF

THE TUC conference in September will be urged to resist any Government attempt to cost a shorter working week against pay levels in a resolution by the National and Local Government Officers' Association.

Like the General and Municipal Workers Union, which decided earlier this week that the TUC should set its own bargaining priorities in the coming year without a formal agreement with the Government, leaders of the local government workers want "a new approach to pay" within the framework of an economic contract.

A comprehensive resolution on pay and economic priorities by the national executive council of the local government workers calls on the Government to institute a campaign of work sharing to reduce unemployment.

The union says this should include the exemption of cuts in the working week from costing against pay norms.

Earlier retirement and longer holidays not only as a means of cutting working hours but also improving the quality of life, are urged.

The union also wants the trade union movement to promote a campaign "to ensure that excessive levels of overtime, and the systematic use of overtime in preference to recruitment are eliminated."

However, workers should not suffer financial hardship if too much of their overtime income were taken from them.

For the Government's part, the resolution seeks "a rapid and sustained increase in industrial investment and public expenditure."

● Unions representing area and district works staffs in the National Health Service are to start procedures for industrial action, it was decided at a meeting yesterday of the staff side of the Whitley Council committee which covers this group of workers.

NALGO, which represents the majority of works staffs, will now take steps to start industrial action.

A series of sanctions are likely to be applied from September 4, unless a satisfactory solution is achieved.

The works staffs' grievance is that a restructuring of grades and salaries, outstanding for four years since the reorganisation of the health service in 1974, has not been carried out.

The Secretary of State for Health and Social Services has declined to intervene at this stage and there was now deadlock, the union said.

Shut shipyard men plan sit-in

THE 625 redundant workers from Western Ship Repairers at Birkenhead, Merseyside's last ship repair yard which closed 10 days ago, voted yesterday to occupy the yard.

The men have been picketing the yard since it was put on a "care and maintenance" basis. They plan to occupy it until it is either nationalised, sold to a new owner or reopened with new work.

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GEC suspends 2,000 in dispute over pay

THE WORKFORCE of more than 2,000 at General Electric Company's power engineering plant in Stafford were laid off yesterday because of a pay dispute.

They were suspended after shop stewards voted to continue sanctions imposed in support of a pay claim. Production was at a standstill with no prospect of an early solution to the dispute.

Workers returned from the firm's annual two-week holiday yesterday.

Before the shutdown, 2,000 had been suspended or were on strike after a series of disputes.

The company said: "When a shop stewards' meeting decided to continue with sanctions imposed before the holiday, we said we would have no option but lay the workers off. Virtually all are suspended indefinitely."

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Rees hits at Tories over police pay

BY PHILIP RAWSTORNE

MR. MERLYN REES, Home Secretary, yesterday angrily accused the Conservatives of "prostituting" concern over law and order in a bid to win votes.

His bitter outburst came after he had announced to the Commons the Government's decision to implement the £250m pay award for the police in two stages.

Mr. William Whitelaw, Tory spokesman, while welcoming the award, declared amid Labour jeers: "In deciding to phase the award, the Government is taking a major risk over the protection of our people"

If a Conservative Government were returned at the general election, it would pay the increase in full, immediately, he said

Mr. Rees retorted that the pay increase would be an average of 40 per cent—and half of it would be paid on September 1. "This is a remarkable pay award." he said to shouts of support from Labour MPs.

Police throughout the country had welcomed it, said Mr. Rees.

But they did not take kindly to Tory comparisons of the streets of Britain to those of Chicago. "It is not true."

Mr. Bob Mellish (Lab Bermondsey) said that the increase would be the most generous ever awarded to the police. Mr. Whitelaw's remarks had been "absolutely disgraceful" and were designed to win votes, he added.

The Home Secretary agreed: "Some Conservatives give the impression that the Tories are the repository of law and order," he said. "It is not the case."

MR. MERLYN REES
"A remarkable award."

The award reflected the unique position of the police and should stimulate recruitment, cut wastage and enable the service to counter threats to law and order more effectively.

But he told Sir Bernard Braine (C Essex SE): "It isn't pay alone that will determine the success of the police service. It requires recognition by the community of the difficult job they do."

Mr. Eldon Griffiths (C Bury St. Edmunds) said that the Edmund-Davies committee had vindicated every point made by the Police Federation about wastage, the danger of the job, the constant commitment and the lack of a right to strike.

If the committee thought such a large increase was necessary now, why were the police being forced to wait for half of it until next year?

Mr. Roger Sims (C Chislehurst) said that the Government's decision was illogical. "It is people, not politicians, who are making law and order an issue," he declared.

"It is people who are concerned about law and order." Mr. Rees snapped. "It is some politicians who prostitute that concern for a cheap vote."

The Government had to take account of the country's wider problems and believed that an immediate 40 per cent. increase would not be in the interests of the community.

As other Tory MPs interrupted, Mr. Rees angrily dismissed their protests as "rubbish."

The average police constable with 15 years' service would, in September, receive some £6,668 a year.

Rejecting a suggestion by Mr. Dennis Skinner (Lab Bolsover) that the Government should learn from this experience and keep out of free collective bargaining. Mr. Rees said that police pay could not be left to the free market.

He agreed with Mr. William Ross (Lab. Kilmarnock) that the Government's decision had been right.

The Government had done the best thing about law and order by ensuring that there were trained policemen on the street. "This is something we should be proud of," the Home Secretary declared.

New rules on tanker labelling promised

THE GOVERNMENT is attempting to speed up new regulations on tanker labelling following the Spanish liquid gas accident. Mr. William Rodgers, Transport Secretary, told the Commons last night.

In a written answer Mr. Rodgers said he had already expressed grave anxiety to the Health and Safety Executive over a continuing delay in bringing forward proposals on tanker labelling.

The delay had been due to factors including the need to widen the scope of the regulations and *difficulties with consultations.*

"Following the Spanish liquid gas accident. I have asked the chairman for a full report and made clear, once again, that proposals are urgent and overdue," said Mr. Rodgers.

He said a nationwide study was being undertaken into the vulnerability of road tankers in accidents. At present, it was limited to tankers carrying petroleum spirit but he understood that consideration would be given to extending the project to include liquid petroleum gases.

The Health and Safety Executive estimated that there were *normally between six and 10* road vehicles transporting liquefied propylene gas in the UK at any one time. Approximately 12,000 tons a year were carried by road, and an additional 38,000 tons, by rail

Asked by Mr. Anthony Grant (C. Harrow Cent.) about safety regulations concerning the transport of liquefied propylene Mr. Rodgers said that the current statutory regulations for domestic journeys did not specifically cover liquefied propylene. He did not regard this as satisfactory, and the Health and Safety Executive was preparing proposals for comprehensive *regulations.*

MPs' salaries will lag behind Assembly—Tory

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MEMBERS OF the proposed Scottish Assembly could be paid in the region of £8,650 which is more than MPs at Westminster will be getting even with their new pay rise, according to calculations by Mr. Alex Fletcher, a Conservative spokesman on Scotland.

This, he said, was despite the fact that members of the assembly would be doing only one-third as much work as their counterparts in the House of Commons.

Mr. Fletcher alleged that the *Government* was *attempting* to conceal these embarrassing facts until after the referendum on Scottish devolution.

His remarks came as the House resumed consideration of the mass of amendments made to the devolution legislation in the House of Lords.

One of the alterations made by the peers empowered the Secretary of State for Scotland to fix the remuneration of assembly members and the civil servants who will staff the new Scottish Executive.

But on the urging of Mr. Bruce Millan, Scottish Secretary, the House reversed this by a majority of 29 (298-269), thus allowing the assembly to fix its own rates of pay in accordance with the Government's original intentions.

So far, Government spokesmen have not intimated what the new rates of pay might be for the assembly nor does the Scotland Bill itself throw any light on the matter.

Mr. Fletcher pointed out, however, that the financial estimates showed that a total sum of £6,750,000 was being set aside. He estimated that half of this would go on services and the cost of accommodation.

This would leave a sum of £3,375,000 to cover the pay of 150 assembly members and 240 supporting staff.

He worked out that this would mean an average salary of £8,650 each. This compares with the present salary of £6,270 of MPs, shortly to be raised by 10 per cent to £6,897.

Opposing the Government's attempt to reverse the Lords' decision, Mr. Fletcher argued that it would be a part-time assembly and members would have time on their hands unless they had outside occupations to *keep them busy.*

He maintained that the assembly would require only three months a year to do its work — and that was a generous estimate.

At present, Parliament took less than three months a year to deal with all the developed and non-developed Scottish issues. The Government, he said, was now engaged in a cosmetic exercise to conceal the fact that it would be only a part-time assembly.

Comparing foreign experience, he pointed out that a state legislature in the U.S. normally sat about 100 days a year, the equivalent of about 14 weeks.

From the Government front bench, Mr. Millan declared: "We cannot accept an amendment of this nature. We believe these are matters which ought to be decided by the assembly itself.

"If we were to say these are matters which the assembly could not be trusted to decide, then we would be expressing in the Bill a very considerable and unjustified mistrust of the assembly. It would be absurd to give the assembly wide ranging powers and then say it could not be allowed to decide its own salaries."

A leading anti-devolutionist, Mr. Tam Dalyell (Lab. West Lothian) said he was prepared to bet his shirt that whatever else happened the assembly would certainly not be part-time. Parkinson's Law would apply.

It would be intolerable to limit membership of the assembly to people with private means or pensions and those who could support themselves with outside jobs. If the assembly were to be set up, a living salary had to be paid.

The Government clause, inserted in the Lords, providing special protection for the Orkneys and Shetlands, was approved without a vote despite some misgivings by the Opposition.

It allows the Secretary of State for Scotland to override the assembly if that body takes actions which are substantially detrimental to the needs of the Orkneys and Shetlands.

Complaint over cut in roads programme

BY LYNTON McLAIN, INDUSTRIAL STAFF

MORE DEATHS, injuries and the failure of the Government's industrial strategy were forecast as the inevitable result of delays, cuts and erratic planning of Britain's new road programme, the British Road Federation said yesterday.

The Government had decided to downgrade more than 100 miles of motorway and dual carriageway over the past three years, Mr. Tony de Boer, the chairman said. This involves schemes on the A27, M54, A564, M6, A41 and M42.

These roads would now be built to "dangerously lower standards of safety and speed," Mr. de Boer said. Some roads would be planned as single carriageways.

Motorways were twice as safe as all-purpose dual carriageways and three times safer than single carriageways. But the hesitancy by the Transport Department and its erratic planning of new roads now raised an "alarming threat to safety," the federation said.

Over the next five years schemes in progress or planned to start would need at least £2bn in England alone, the White Paper on roads policy said in April. But the paper said the planned expenditure would be only £1.5bn.

The lower figure, given in the Public Expenditure White Paper in January, as £305m per annum to 1983 on road building pointed to a serious scaling down of the trunk road programme, Mr. de Boer said.

Motorways and dual carriageways had saved industry £500m a year in the past decade, but now the industrial strategy for boosting Britain's industries was at risk because of the lack of a firm commitment to adequate roads in industrial areas like the Midlands, where Mr. de Boer claimed, companies were losing a total of £100,000 a day through lack of good roads.

The figure was based on the Leitch review of Britain's road programme, published in January. This examined the industrial benefits of roads, and on the M40 alone the extension from Oxford to Birmingham could save industry £5m a year, the federation said.

Benn's Ministry favours switch to petrol tax

BY LYNTON McLAIN, INDUSTRIAL STAFF

FOUR Government departments have examined the implications of a switch in car taxes away from the road fund licence and on to petrol and at least one, the Energy Department, has come down strongly in favour of the change. Increased duty on petrol could reduce consumption by 3 per cent, the department said last night. At the moment, *tax on petrol raises almost twice* as much as that from the road fund licence.

The Treasury has completed a fresh review of the subject and last week Mr. Denis Healey, Chancellor, said in a Commons reply that the matter was under regular review.

In his Budget speech in 1976, Mr. Healey said he was broadly in favour of the switch from the current £50 road fund licence, or vehicle excise duty, to a greater tax on fuel. Nothing has come of these ideas, but the Transport Department is understood to have commissioned a project to find out how much would be saved through the elimination of motorists' evasion of the vehicle excise duty.

This is thought to cost the Exchequer between £7m and £10m a year.

The Industry Department is known to discuss the possible implications of a move to higher *petrol taxes as part of its industrial* strategy talks with British motor companies. Higher petrol prices could persuade more motorists to buy smaller, more economic, cars.

The Treasury said last night that vehicle excise duty raised £864m in revenue in the financial year 1976-77. In the same period, Customs and Excise collected £1,521.9m in revenue from petrol sales to all vehicles. By comparison, VAT on cars raised £94.1m and the car sales tax £225m.

Company law proposals out on Thursday

BY MARGARET REID

THE DRAFT of clauses for a Parliamentary Bill which would give effect to various reforms in company law which the Government has long favoured will be published in a White Paper on Thursday.

But it is not yet certain when the legislation will be brought forward.

In the Queen's Speech last autumn, the Government foreshadowed the introduction of legislation to reform company law, but this has not happened in the present session, because of shortage of Parliamentary time.

The White Paper with the draft clauses, showing in precisely what terms the Government would have sought to change the law, is clearly being published as the next best thing—and as a basis on which comments will be sought from those interested.

The document is expected to contain clauses giving effect to the proposals in the White Paper "The Conduct of Company Directors," which was published last November. These plans include the outlawing of insider trading—the use of confidential information by directors and others to make personal profits by share trading—and provisions concerning loans to directors and the duties of directors.

Other draft clauses will contain provisions to incorporate in British law certain requirements of the European Economic Community's second directive, notably on the distinction to be drawn between public and private companies.

Britain is due to bring its law into line with the second directive by the end of this year, though, it is doubtful whether even a limited Bill confined to this subject could realistically be expected to become law in that time.

Certain provisions concerning the Registry of Business Names are also expected to be included in the White Paper.

Scots records microfilmed

THE MICROFILMING of companies' registration records in Scotland should be completed in about a year's time, Mr. Stanley Clinton Davis, Under Secretary, Trade, said in the Commons yesterday.

Mr. Davis said that because substantial alterations were needed to adapt the public search room at Edinburgh, microfilmed records could not be used immediately. "But it is hoped that microfilming reading and other facilities will be introduced into the re-designed search room at the beginning of October this year when some 12,000 to 14,000 files should be on microfilm," he added.

Tories seize on food prices

By Ivor Owen, Parliamentary Staff

TORY MPs yesterday seized on a Government admission that the food price index increased by 104.9 per cent in the period between February 1974 and mid-June this year.

Mr. Roy Hattersley, Prices Secretary, was subjected to a flood of insults which almost drowned his renewed claim that Britain's annual rate of inflation is likely to remain at, or about, 7.9 per cent for the remainder of this year.

In a sustained barrage of abuse, he was called "The biggest basket of them all" by Mr. Nicholas Winterton (C, Macclesfield), "Yellow" by Mrs. Sally Oppenheim, shadow Prices Secretary, and "funk" by Mr. Robert Adley (C, Christchurch and Lymington).

The Speaker, Mr. George Thomas, repeatedly intervened to call for more temperate language, and, in a comment on what looked like being the last two active weeks of the present Parliament before the decks are cleared for an October general election, added: "I can see I am in for a very rough fortnight."

Mr. Hattersley said the fact that Britain's inflation rate was now lower than the average in OECD countries was an "enormous achievement."

He hoped that listeners to the broadcast proceedings would be able to make their own judgment about the "character and conduct" of the Opposition.

Tory MPs were particularly incensed by the fact that, in accordance with past practice, Mr. Hattersley allowed Mr. Robert Maclennan, Under-Secretary for Prices, to deal with questions about the increase in food prices.

Mr. Maclennan's insistence that it was normal practice for him to answer questions on food prices was impatiently brushed aside, as was his emphasi on the fact that in the 12 month to June, 1978, food prices rose by only 6.7 per cent, the lowest annual rate since May, 1972.

Reaffirming his belief that the annual rate of inflation would remain at or about 7.9 per cent over the coming months, Mr. Hattersley said that what happened after Christmas would depend on the policies applied in the intervening period.

"My earnest hope and belief is that 7.9 per cent is how it is and how it will remain."

He accused Tory MPs of switching their attack to the four-year rise in the food price index because they knew that the mose reliable indicator of the rate of inflation, the retail price index (RPI), no longer suited their case.

"The Tories only abandon the RPI when it is moving in favour, not only of the Government but of the people of this country," he declared.

Mrs. Jill Knight (C. Edgbaston) argued that the RPI was "gobbledyook," to the average housewife who knew, as she went to the shops week after week, that prices kept rising.

Mr. Hattersley agreed that prices were rising, but claimed there was a remarkable degree of stability from one week to another.

Queen's lands takeover call

MR. WILLIAM HAMILTON (Lab, Fife Cent.) yesterday called on the Government to nationalise part of the Queen's lands.

He argued in the Commons that income from the Duchy of Lancaster should be spent on hospitals.

"The vast amount of money accruing tax free to the owner of this estate would be far better used in replenishing health service facilities instead of the income going we know not where—but certainly not used in the public industries," the MP declared.

Mr. Harold Lever, Chancellor of the Duchy of Lancaster, said he understood Mr. Hamilton's "republican views," but added: "You ought not to seek to give the impression that this income derives to the private benefit of the Sovereign. This is far from the truth."

New MPs

LABOUR'S VICTORS in last week's two by-elections, Mr. Allen McKay (Penistone) and Mr. George Morton (Moss Side) took their seats in the Commons yesterday.

Barracks plan

WELLINGTON BARRACKS is to be rebuilt, Mr. Bob Brown, Army Minister, said in a Commons written reply yesterday.

Sir Malby leads Olympic study

SIR MALBY CROFTON, Mayor of Kensington and Chelsea and member of the Greater London Council, is to oversee the feasibility study into holding the 1988 Olympic Games in London.

Mr. Horace Cutler, leader of the GLC, said yesterday after asking Sir Malby to take on the job: "We have to ensure that the £50,000 earmarked by the GLC for the study is well spent. There is a great deal to be done in the way of meeting people, making contacts and monitoring progress."

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THE JOBS COLUMN

Signs of an end to accountants' bonanza

BY MICHAEL DIXON

ALBERT IRVING was, by general agreement, one of the most capable accountants on the Manchester staff of Deloitte's in the late 1950s. But by comparison with the other qualified men there who speedily got themselves desirable jobs in industrial and commercial companies, Albert found the frontier between professional firm and external employment hard to cross.

Some people said the reason was that the handwriting in which he applied for jobs was too stylish and legible for the average employer's taste. And when he started deliberately scrawling his applications, offers of interviews seemed to become more frequent.

But it seems sure that the real reason why Albert had greater difficulty than his colleagues in crossing the career Rubicon was that, where they were chartered accountants, he was one of the less celebrated, certified kind. Although he publicly stood up for his branch of the profession, I feel that before he won his desired outside job he must often have wished privately that he had taken the chartered route to qualification.

Since that time, the demand for accountants everywhere has outstripped the capacity of any single professional body to supply it. When Mr. Irving was studying, the six major accountancy institutes probably had a total membership of only 25,000. This year, the figure must be around 120,000. While less widespread than before, however, the automatic preference among employers for chartered accountants still persists.

Even so, the result of the growth — most of which has occurred in the latter half of the period — demands serious consideration by any youngster now thinking of taking up accountancy as a career. Today it is arguable that one might be wisest to follow Albert Irving up the certified route if, indeed, one would be wise to enter accountancy at all.

This is not to deny that the Institute of Chartered Accountants in England and Wales remains dominant. Of the notional 120,000 total, this institute alone must represent about 64,400.

At the other end of the scale, the Institute of Chartered Accountants in Ireland has probably about 3,400 members, and its nominal equivalent for Scotland around 9,300, with the Chartered Institute of Public Finance and Accountancy lying between with about 7,800.

In the middle of the scale come the Association of Certified Accountants with some 18,000 members, and the Institute of Cost and Management Accountants with about 17,100.

With jobs-market demand for their members apparently still increasing, all six bodies are continuing to grow. Even the dominant England and Wales Institute seems to be increasing at a rate of between 4 and 5 per cent annually. But the two bodies immediately beneath have been expanding at rates around half as fast again, with the cost and managements making a stronger run than the certifieds.

Popular

The reason for the different rates of growth can have little to do with difficulties in attracting sufficient supplies of would-be members. Accountancy has become a leading career choice among the nation's young. Of the 23,000 new university graduates known to have taken up regular employment in the United Kingdom in 1976, for instance, at least one in every 12 went into accountancy. It seems likely that the six bodies also gathered an even larger share of the youngsters who left school with GCE Advanced levels at the age of 18. And the potential supply of entrants will remain copious over the coming half dozen years or so, as the eligible age group among the UK population goes on increasing.

The main reason why the Cost and Management and the Certified bodies have been growing at a faster rate than the dominant Chartered Institute is evidently a conjunction of two things. One is that big industrial and commercial employers have become more and more keen on training staff internally. The other is that people can qualify as certified or cost and management accountants while working in industry and commerce, whereas aspiring chartered accountants must serve their "apprenticeship" with a professional firm.

Admittedly this conjunction is having only a small effect on the "professional league table" positions at present. But it seems liable suddenly to become a strong threat to the chartereds' dominance in the mid-1980s, when the age-group eligible for recruitment starts to drop sharply in train of the falling birth rate of recent years.

To see why this threat might well develop, one has to consider another effect of the recent headlong growth. It is that the accountancy profession is now surprisingly youthful. My best guess is that more than half of the qualified accountants in this country are aged 35 or under.

Given continuing high levels of entry in the meantime, it seems probable that by the middle 1980s, something between two thirds and three quarters of the accountancy profession will still be aged under 45. And since—no matter how much the institutes might wish it—I cannot see the economy expanding the supply of senior jobs available for accountants in proportion to their increasing numbers, competition among them for higher ranking managerial posts looks bound to become far hotter than ever before.

Competition

It is likely that this sharp drop in promotion prospects for accountants will become distinctly noticeable just as the age group eligible for entry is beginning its 10-year decline, almost inevitably causing the professional bodies to compete more keenly for their intake.

If so, none of the institutes will be made more attractive by the general drop in promotion prospects. But it seems to me that this will have a worse effect on the England and Wales Chartered Institute than on the Certified and Cost and Management bodies.

The reason is that professional chartered accountancy firms, especially the largest two dozen which absorb nearly half of each year's recruits to chartered training, rely on a rapid turnover of senior staff. Their habit is to select only a very few of their qualified staff for swift promotion. The rest are expected to stay for only three or four years before leaving for a job elsewhere.

So one result of a sharp reduction in the availability of jobs for accountants elsewhere would look bound to be a sudden, severe gumming-up of the ranks of a large part of the England and Wales Chartered Institute.

If that happened, I would expect it to enable the Certified and Cost and Management bodies quickly to secure the major shares of the diminishing market for new entrants.

Of these two, while the cost and management route seems currently to be the more popular, I would personally be inclined to choose the certified path. With promotion prospects reducing, an aspiring accountant's best strategy would surely be to have the most flexible qualification and, unlike the cost and management brand, the certified kind offers a fair chance of advancing oneself in professional practice as well as in industry and commerce.

But before choosing either, I would now think very hard before going into accountancy in the first place.

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LEGAL NOTICES

No. 002052 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of MURICLOSE LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 27th day of June 1978, presented to the said Court by ERITH & COMPANY LIMITED whose registered office is situate at: 530 High Road, Leytonstone, London E11 3EQ, Builders Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 31st day of July 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

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Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any) and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 28th day of July 1978.

ART GALLERIES

ACHIM MOELLER GALLERY, 8, Grosvenor Street, off Bond Street, W.1. Tel.: 493 7611. Selection of 15 paintings by KADINSKY and 20th CENTURY MASTERS. Modigliani, Leger, Braque, Mondrian, Ernst, Miro, Klee, Picasso a.o. through July.

BROWSE & DARBY, 19, Cork Street, W.1. Robin Philipson — Women Observed. Mon.-Fri. 10.00-5.00. Sat. 10.00-12.30.

CHANDRE GALLERY, 5-6 Cork St., W.1. 01-734 4626. Exhibiting paintings by GREGORY FINK. Mon.-Fri., 10-5.30. Sats. 10-1.

COVENT GARDEN GALLERY FAR AWAY —Decorative watercolours. From and of Egypt, Indian and China. 20, Russell St., W.C.2. Tel. 836 1139.

FIELDBORNE GALLERIES, 63, Queen's Grove, St. John's Wood. 586 3600. LANDSCAPES by Royal Academicians. MARBLE Carvings. YOMA SASBURGH.

FINE ART SOCIETY, 148 New Bond St., W.1. 01-629 5116. EASTERN ENCOUNTERS. 19c Orientalist Painters.

MALL GALLERIES, The Mall, S.W.1. Society of Women Artists 116th Annual Exhibition. Daily (inc. Sun.) 10-5. Until 1 p.m. July 21st. Adm. 20p.

OMELL GALLERIES. Fine British and French MODERN DRAWINGS and Modern British MARITIME PICTURES. 42, Albemarle Street, Piccadilly, W.1.

RICHARD GREEN GALLERY, 4 New Bond Street, London, W.1. 01-499 5487. BRITISH MARITIME ART. Paintings, watercolours and prints. Daily 10.0-6.0. Sats. 10.0-12.30. Ends July 21.

THE PARKER GALLERY, 2, Albemarle Street, Piccadilly, W.1. Exhibition of Old marine, military and sporting and topographical prints and paintings and ships models.

WILDENSTEIN. Paintings and Drawings by DIANE ESMOND. Until 21st July. Wkdys. 10-5.30. Saturdays 10-12.30. 147, New Bond Street, W.1.

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GENERAL & MUNICIPAL WORKERS' UNION,
Thorne House,
Ruxley Ridge, Claygate, Esher,
Surrey KT10 0TL.
Quoting Ref: LFJ

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Business News Summary

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623 2494

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Please write in the first instance, with curriculum vitae, to Richard Charnley, Blyth Dutton Holloway, 9, Lincolns Inn Fields, London WC2A 3DW.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ELECTRONICS

Simplified circuits aid design

SILICONIX is selling the first of a new family of high current and high voltage field effect transistors (FET), serving both analogue and digital applications. The VN84GA has rated capabilities of 12½ amperes, 80 volts and 0.4 ohms—about a six-fold current increase over previously available units.

With input power in the micro-watt range, the first device produces up to 80 watts output at lower frequencies, or 50 watts can be delivered at 30 MHz.

This input power is several orders of magnitude less than that required by Darlington bipolars of equivalent output power. Yet the new component retains the inherent benefits of faster-switching, high gain, and high input impedance characteristic of lower power VMOS units. It also provides inherent *fail-safe operation with no* failure from secondary breakdown, no thermal runaway, and the ability to limit current by controlling the gate voltage.

Siliconix is offering designers a universal high power device for switching regulators, motor controllers, audio amplifiers, and to serve as an interface for microprocessor logic outputs. It interfaces directly with CMOS, TTL, DTL, and MOS logic families, and can drive large loads directly from logic or microprocessor outputs.

Use of the new voltage-controlling device in switching regulators simplifies design and manufacture. It greatly reduces the number of components, by eliminating most protective circuitry.

Siliconix, Morlston, Swansea, SA6 GN1. 0792 74681.

Fast repair of boards

FAST TURNROUND board repair service by System Industries (Europe), the Woking based subsidiary of System Industries Inc., *supplier of minicomputer disc* subsystems, has been called Express Board and offers a 10-day turnround.

The standard repair cost is 35 *per cent* of the board's current one-off list price, but an emergency repair service offering three-day turnround is also available at a 20 per cent surcharge.

*The service is based on an in-*house Testline AFIT 3500 programmable tester which the company installed to handle testing and repair of boards from its own *disc systems.*

System House, Guildford Road, Woking, Surrey. Tel 04862 5077.

● COMMUNICATIONS

Control by voice

MENZIES Communications Systems is the new name for the subsidiary established by the £168m turnover company John Menzies (Holdings) to market computerised voice response systems.

Having four major UK installations involving approximately 700 executive users, MCS is finalising arrangements to offer systems with additional capabilities.

Linked with this development is the recent appointment of Trevor Sokell, former business manager at ICL, as managing director of the newly constituted company. With a sales and engineering team which is currently being expanded, he now heads an organisation which commands the greatest expertise *on voice response* technology in the UK.

MCS was the first company in the UK to implement a large-scale voice response system using the Post Office public switched telephone network. The system incorporates a central voice response unit which can be used on-line or as stand-alone equipment using its own mini-computer. This permits the use of exceptionally low-cost push-button terminals, linked through a standard telephone, which can be fixed or portable.

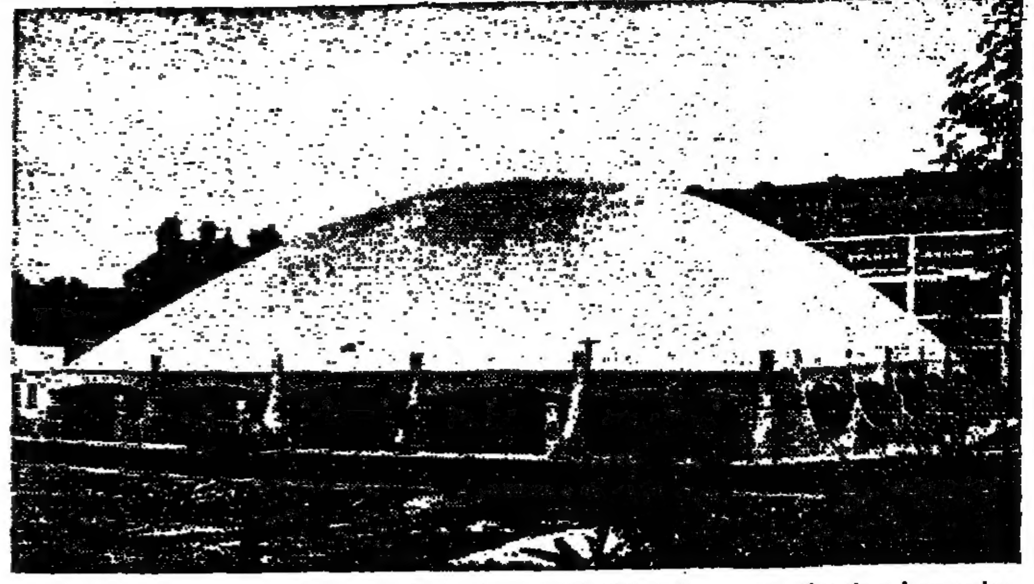
The voice which the user hears is in normal "human" tones and different operating modes allow the user to receive voice *verification* of input *or* acknowledgement of correct input by voice or tone. Elimination of the use of modems and the immediacy of response means a great cost saving and simplification in systems development.

Already using systems implemented by MCS (formerly WDC *Computers*) are Volkswagen GB, Colgate Palmolive, Smedley HP and John Menzies (Holdings). The 350 dealers of Volkswagen GB use push-button terminals linked to an off-line voice response unit at the VW central parts depot to ensure delivery of spare parts within a maximum of 24 hours.

Every Colgate-Palmolive and Smedley-HP salesman is equipped with a portable terminal only 12 cm x 9 cm to *send orders* to the central computer system from wherever they may be—home, hotel, telephone kiosk or even customer premises. This has greatly *simplified* paperwork and ordering procedure within these organisations at an economic cost.

Other typical applications include a factory data collection, stock control, reservations, credit verification, car hire, mail order and retail data collection.

Menzies Communications Systems, 20 High Street, Camberley. 0276 62716.



The new sports centre at Kilmarnock, Scotland, with an inflated Gourock airhouse roof supported by pressurised air. Mounted on top of a three-metre high precast concrete perimeter wall, inflation of the airhouse is achieved by a continuously running electric fan which provides three *changes of air every hour.* A *diesel driven* stand-by unit is installed for emergency use and double airlock doors ensure that there is no undue pressure loss.

The design allows a high level of natural shadow-free lighting even on dull days and the centre was completed in a record time of three months at a cost of half that of a traditional structure says the maker, Clyde Canvas Goods and Structures of Port Glasgow, Renfrewshire.

● INSTRUMENTS

Intelligent heat probes

TWO MODELS are currently available in a new micro-based *digital thermometer series.* These are the 2180A, which is for applications using platinum or nickel resistance sensors and the 2190A for use with thermocouples. Both offer the facility of switch-selectable 0C or 0F temperature registration. Use of micro provides significantly greater flexibility, and enables the highest accuracy levels to be achieved.

Model 2180A offers switch selectable temperature resolu*tion of 0.01 or 0.1 degree for* temperatures below 240 C. It can handle the complete negative and positive temperature ranges measurably by 100-ohm platinum resistance, and 100-ohm or 120-ohm nickel resistance temperature sensors.

Model 2190A is available in two versions, each of which offers a resolution of 0.1 degree over the complete thermocouple temperature range. One version is designed for use with thermocouple types J, K, R, T or C, and the other with thermocouple types J, K, R, S or E. The specific thermocouple type is *manually* selected by means of a switch on the instrument's plug-in input module.

In common with the model 2180A, a multipoint selector option is available for the 2190A, *for the selection of thermocouple* types. The 2190A may also be used with a combination battery pack and stable dc supply voltage from −10mV to +100mV, to simulate any thermocouple input. This enables the instrument to compare, calibrate or check any other thermocouple whatever its location.

Fluke International, Garnett Close, Watford WD2 4TT. 0923 33066.

● COMPUTERS

Helping the illiterate

THERE IS good news for all those who are concerned at the levels of illiteracy in Britain *where there are now thought* to be 2m adult illiterates, with one in every seven children coming out of primary school cannot read or write properly.

It comes from a series of experiments carried out with CAL —for computer assisted learning —techniques, long the poor relation of the huge and growing family of computer applications.

BSLS (basic skills learning system) developed by Control Data's Education Company, has been used in the U.S. to teach adults to read and, for what it is worth, the tests show BSLS to be capable of concentrating one year's learning by the methods normally used in schools into just 12 hours of new technology education. This breaks down into seven hours with the CAL system developed by Control Data under *the name of* Plato, and the remainder in outside study.

Results secured in the U.S. require careful examination, especially where the developer says that the drop-out rate with Plato is less than 5 per cent while that "in other remedial programs for functionally illiterate adults reaches as high as 50 per cent."

BSLS was developed in the U.S. primarily for the age group 16 to 24. It is not aimed solely at reading, but also at language handling and mathematics. A large chunk of it is presented by CDC's Plato and, the company asserts, makes Plato the only *computer instruction system* which actually teaches the students while managing the instruction process itself.

Plato is able to display lesson materials on a screen in the form of animated graphics, drawings or text. The student communicates with the live system either by pressing a fingertip to the screen or pressing character keys, and therefore at his own speed.

In this way students ask and *answer questions, make choices,* reply to displayed questions or simply shout "help!"

Plato has already been recognised as a substantial advance in its field by the presentation to the company in June of the 1977 Service Award of the American Society of Training and Development (ASTD), as well as the winning in the preceding month of an award from the U.S. Association of Educational Data Systems.

It would appear that CDC has picked up the torch for Computer Assisted Learning from RCA, whose exit several years ago from the large general purpose computer scene made its involvement with development that demanded computers of this type that much more difficult.

Further information on Plato from CDC on 01-930 7344.

More muscle for minis

FOR THE second time this year, Honeywell has announced modifications and additions to its small computer Level 6 series which keep them competitive with the continuous stream of new offerings coming from manufacturers in the U.S. and Europe.

Three new processors are included. They are the Model 43, similar to the 6/43 it replaces except that it has a larger power supply; *Model 47,* a completely new high-performance and commercially-oriented processor; and the Model 53, another new high-performance addition to the Level 6 line particularly suited to large-volume jobs involving local processing, transaction work, and database management running simultaneously under the GCOS 6 operating system.

With the introduction of 16K memory chips, in addition to the 4K chips which have hitherto been standard in the Level 6 line, users are given the option of concentrating more memory into less space. Now 256K words *will* occupy only *two memory* slots instead of eight, and a million words will fit into the eight slots previously required for memories a quarter the size.

Disc storage capacity of Level 6 has been almost quadrupled with the introduction of two new units, the 128 Megabyte MSU 9103 and the 256 Megabyte MSU 9014. Both have 12-high disc packs (as compared with 5-high disc packs in earlier units) so requiring only one drive per cabinet. Thus over 1m Megabytes of storage capacity can now be provided in a subsystem of only four units.

Honeywell Information Systems, Honeywell House, Great West Road, Brentford, Middlesex. Tel.: 01-568 9191.

Small business system

HEWLETT-PACKARD is pushing further into commercial computing with a new small business system, the HP 250, a flexible disc-based business computer with data base management capabilities.

Hardware for the system includes a standard typewriter-like keyboard, a display, 138,000 bytes of system memory, 32,000 bytes of user memory, two 1.2m byte flexible disc drives and a 180 cps impact printer—the HP-2631.

Programming is in a business version of HP's basic language, with subprograms, multiple character variable names and flexible output formats.

During the design stage, considerable attention was given to service. To facilitate the repair of processor components, a roll-out "cage" drawer containing the electronics for the processor, the *memory and disc* control is mounted on the side of the disc compartment. With the built-in self test and diagnostic features of the computer, repair times are greatly reduced.

Customer support services are optional in the form of service contracts, software service subscriptions and comprehensive software support. HP's standard OEM system discount schedules apply to the HP-250.

More from HP at King Street Lane, Winneash, Wokingham, Berks. RG11 5AR. Wokingham 784774.

● TEXTILES

Stops dust at source

SINCE open-end spinning came to replace a growing proportion of ring spinning machines, it has brought with it a demand that the so-called microdust, particularly found in cotton, be eliminated as this will collect in the rotors of machines and reduce operating efficiencies.

Various textile machine builders have worked to eliminate dust generation and to extract this particularly fine dust as far as possible. The result of these efforts has been to improve very considerably the working atmosphere in spinning mills where now the atmosphere is becoming comparable with being in the open air.

Microdust is a major contributor to what is known in the trade as "brown lung." This is a disease that has largely been eliminated in English mills but which is still a major problem in many mills overseas.

Various approaches to solving the problem of dust extraction have been suggested and now the French company S.A.C.M., Mulhouse (British agent: Allertex, Lower Paradise Street, Bradford BD1 2HP; Tel. 0274 23783) has proposed another system. This is to have a special feed to the card and so very vigorously open the cotton fibres. At the same time dust is extracted from the point at *which it is generated.* The latest system of carding developed by the company is claimed to produce a particularly clean sliver that is ideal for the demands of open-end spinning and aids in keeping the mill atmosphere free from dust and "fly."

● PROCESSING

Murals from photographs

A NEW service is offered by IDTV Enterprises of London in which a colour transparency can be turned into a high quality mural of 4.5 x 3 metres unit size, in full colour.

The process, originated by Neco in Japan starts with optical scanning of the transparency on a cylinder. The entire image is *progressively analysed* and separated into the three basic colours, cyan, magneta and yellow. After some electronic processing the data is used to con*trol airbrush paint guns mounted* on a head which moves along a slowly rotating cylinder on which the mural material is fixed. The continuously varying signals pre*cisely meter the air pressure* to each of the three colour guns and to a fourth, black gun, to give body to the image.

Several kinds of material can be employed on the big drum including paper, hessian, vinyl cotton, synthetic leather, felt, and a number of woollen mixtures. About four hours are needed to produce a 4.5 x 3 metre unit, and these can of course be joined to produce a larger mural.

So far there are only six of these machines operating (four in Australia, one in Los Angeles and one in Tokyo) and a London installation is planned for the new year. For the time being *UK orders* will be *sent away* for processing and a three-week delivery is offered.

Because almost any colour image can be reproduced, the Neco system offers interesting alternatives for architects, interior designers, advertising agents and the graphics/display industry in general.

Basic prices are £25 per sq metre on paper rising to £37.50 at the bottom end of the fabrics range: there is a discount structure.

More from Suite 24, Craven Lodge, 15-17, Craven Hill, London, W2 3ER (01-402 6418).

● MACHINE TOOLS

Press takes awkward shapes

A NEW 160-ton crank press for profile drawing, flat drawing, cutting, deburring, and other metalforming operations on sheet metal components has been introduced by Erfurt Machinery, Sheffield.

Intended primarily for use with coil feed and transfer equipment to permit fully automatic production of medium-sized components, the machine's large 2,000 mm x 950 mm table and 1,400 mm x 800 mm ram area allow bulky, awkwardly-shaped parts to be handled if required.

High eccentric loads can be absorbed by the new machine as a result of its two-point suspension and rigid welded steel frame. Good access to the tooling area is maintained by the open fronted design.

An unusual feature of the PKDZ 160 is the provision of two built-in drives taken from the main transmission at the top of the machine through 1:1 ratio shafts outside the frame, one on the left for feeding the coil stock, and a second on the right for powering the scrap cutter which chops and collects the waste material.

Erfurt Machinery, Dove House *Industrial Estate, Orgreave* Close, Sheffield S13 9ND. 0742 697341.

Anodic film thickness gauge

NEW FROM Surfatest is an addition to the Minitest range of coating thickness gauges. Type N.50 has been built specifically for the measurement of anodic films on aluminium and other thin coatings on non-ferrous metals. The instrument has two scales, 0-50 microns and 0-500 microns so that thin coatings of as little as 5 microns can be measured with accuracy. The measuring tolerance is plus or minus 3 per cent *of full scale.*

Minitest is fully portable and is operated *from* two PP3 type 9 volt batteries. Measurements are taken with a spring loaded constant pressure probe.

Type N.50 operates on the eddy current principle and can be used on all metal substrates, provided that the coating is an insulator. Other instruments in the Minitest range cover measurement of coatings on ferrous bases.

This equipment is built in Germany by Elektro-Physik of Cologne and is available from Surfatest, 10 Portland Road, Bowdon, Altrincham, Cheshire. 061 928 8696.

Gauges will match tight radii

HBM has introduced low-cost strain gauges which have a unique integration of etched foil and tinned soldering terminals *fully embedded* in a 40 micron thick polyimide carrier specifically designed for ease of application in static and dynamic stress analysis.

It combines good continuous vibration response, low hysteresis, excellent linearity and wide temperature range with a flexibility that allows the gauge to be bonded to a 0.3 mm radius surface.

Each type: LY41 with a tem*perature co-efficient* that matches steel and LY43 that matches aluminium, is available in nine different sizes in 120 ohm and 350 ohm nominal resistances.

Carl Schenck (U.K.), Stonefield Way, Ruislip, Middx HA4 0JT. 01-841 5121.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

The Management Page

EDITED BY CHRISTOPHER LORENZ

NEB hunters come up with a high flyer

THE National Enterprise Board's recent investments in small, thrusting, entrepreneurial companies will undoubtedly put any incoming Conservative government in an acute dilemma.

The difficulty is that the very kind of private enterprise which Conservatives profess to admire is accepting support from public funds. While it may be argued that the State should never have got mixed up in this kind of business, the question of withdrawing support from a successful company may be quite another matter.

Take Systime, for example, one of the five computer systems companies in which the NEB has bought shares with the hope of co-ordinating and promoting exports. Systime is a small, fast growing company with a turnover of £4.5m last year. It has found a lucrative niche in the market for small business computers.

The company has all the hallmarks of technical skill and sound management which should enable it to survive in a world of natural selection. So why should it need to be corralled by the NEB?

One possible answer is that Britain has so few successful companies making small business computer systems, that the achievements of even a small firm like Systime are of strategic importance to the country because of their potential growth. A second point is that Systime is beginning to encroach on the territory of the big multinationals like International Business Machines, which is 20,000 times its size.

So although Systime is in no sense a lame duck, in international terms, it is still a fledgling surrounded by very predatory competitors. So far the protecting hand of the NEB has not been evident since it took a 26 per cent share in the company a year ago. But the availability of a £700,000 loan fund must at least give the company a sense of security when it considers future growth.

The NEB bought 762 newly created shares for £285,000. In addition it bought 476 ordinary shares from the existing shareholders, for £22,000. This holding was converted into cumulative preference shares.

Since the deal with the NEB, Mr. Gow's shareholding has been reduced from 25 per cent to 21 per cent. But 57 per cent of the shares is still owned by four directors of the company.

Incentives

For the time being, the managing director, John Gow, wants no further money from the NEB. He likes the pressure of having to be self-sufficient and the incentives which that gives to tight financial control. "Any money the NEB chucked in at present would just put more slack in our belt," he says.

It was in the front room of John Gow's house that Systime was first conceived six years ago, very much in the same spirit as a large number of entrepreneurial companies have been started in the U.S.

Mr. Gow was working as an engineer for Digital Equipment Corporation (DEC), the world's leading maker of mini-computers for industrial control. He was one of the first people to realise that these cheap mass-produced mini-computers could easily be programmed for office and business use. Indeed, he saw they had several advantages over other business computers because of their ability to carry out several operations simultaneously from a dozen or more terminals connected to different locations.

John Gow (left) and John Parkinson of Systime—their company has found a lucrative niche in the market for small business computers.

At that time, however, DEC's US management was not interested in developing the UK business market, so Mr. Gow decided to set up on his own. With the help of his wife Jennifer, a programmer on paid leave from International Computers Limited (ICL) (for a complex combination of reasons), he started writing the necessary programmes at weekends and in the evenings. He was given some support with his first sales from DEC, which was happy to supply him with the hardware on credit.

With this assistance, finance from one of his first customers, and his own savings, the operation became financially viable.

He soon went into the manufacture of hardware himself, in order to adapt the DEC machines so that they could be coupled to disc drives (memory units) made by Control Data Corporation (CDC). This was perhaps his most important commercial decision, because the improved margin obtained on CDC units greatly helped to finance the company's future growth.

Mr. Gow combines a shrewd Yorkshire head for good business with a slightly unexpected taste for flamboyance. Workers coming in to his factory in Leeds may pass his elderly white Rolls-Royce (number plate GOW 1). He believes in paying engineers well and gives many of them company cars.

He also tries to make conditions for production workers as pleasant as possible. The main electronic production area, for example, is fully carpeted and liberally decorated with potted plants and ferns—just like a modern office. Undoubtedly his ability to inspire personal loyalty has helped to build up the company.

From a turnover of £1.2m in 1975, Systime reached £4.25m last year: this is expected almost to double this year to £8m. By *1982, the company is looking* for a turnover of £30m, of which about a quarter would be exports.

Any company growing at this speed quickly runs up against management problems, and the danger of expanding so fast that the whole structure topples under its own weight.

Mr. Gow shrewdly recognised this danger and the need to provide a counterbalance to his own restless enthusiasm for exploiting new technical possibilities. So he brought in an accountant, John Parkinson, first as finance director and now, at the age of 34, chairman of the company.

Mr. Parkinson is a steely no-nonsense Lancastrian, who is holding the company on a very tight rein indeed. He has introduced detailed financial controls and imposes a strict discipline over all aspects of the company's performance, *including service to customers.*

Like Geoffrey Cross, the former head of ICL, he believes that rapid and efficient service to customers is the key to success in the computer industry. So he receives a telex every evening from each area office listing faults on equipment which have not been repaired. Then, every month, he spends two days on a detailed review of the technical and commercial performance of each geographical area, going through all the conflicting demands on sales, programmers and manufacture.

Mr. Parkinson believes the main constraint on the company's growth over the next few years will be the time taken to instil these management *principles into all parts of the* company, which is now over 300 strong. Soon the operation will become too large for such personal control: the detailed management will have to be devolved to divisional heads.

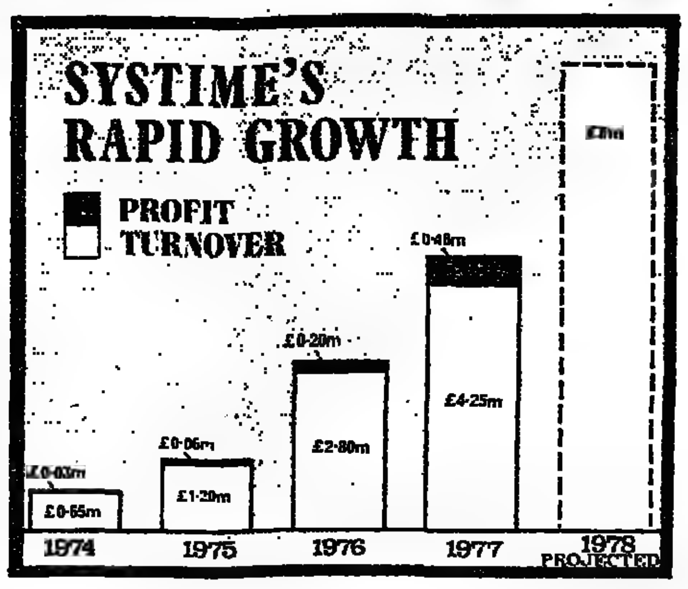
"The major hazard is that we could become overstretched in terms of the level of service we can give to customers," he says. "Since 20 per cent of our business comes from repeat orders from past customers, we must *guard against a degeneration in* the level of service."

"Recently we have cut back all our budgets because I did not think we could cope with too fast an expansion of the business from the managerial point of view."

This insistence on consolidation means that the company cannot consider attacking the U.S. market in the near future. Exports to Europe and the Middle East will also depend on *the company's ability to establish* and expand a good servicing network.

The promotion of exports may, however, be helped by the NEB, which has set up a subsidiary called Insac specifically to market British software (computer programming) skills abroad, particularly in the U.S.

Insac is co-operating with four UK software companies, in addition to Systime. It intends to develop standard software systems which it can sell to a wide variety of computer users. Initially it will only be *selling programs, but it may be* able to find customers for complete systems, including hardware supplied by Systime.



Intriguing

At present this is not much more than an intriguing possibility — which has attracted much sceptical comment from other parts of the industry. The fact remains that the world market *for mini-computer systems is expanding much* more rapidly than is the British companies' ability to supply it. The NEB can therefore put up a strong case for trying to promote co-operation between the companies which are successful in the field.

The other point, which Systime fully recognises, is that the emphasis is likely to turn more and more towards software as the cost of hardware falls. At present most of Systime's 10 per cent margin is made on hardware, including the parts which it makes itself.

In the longer term it will probably have to develop software, which can be more profitable. To do this the emphasis will need to be changed from tailoring each system to an individual customer to the development of standard blocks, or modules of programs, which can be put together in different ways.

The development of modular programming would fit in well with Insac's general strategy, and it could well prove that NEB money would be needed to develop such new types of software.

The question is entirely open as to whether taxpayers' money can combine successfully with a private company to deliver the goods. However the investment compared with that in, say, British Leyland, is modest and the stakes are extremely high.

Max Wilkinson

New refinements on job creation policies

BOOK REVIEW BY PETER RIDDELL

THIS NEW study on long-term job creation has, on the surface, a slightly dated 1960s look. Belief in planning, an active role for public sector agencies, and, in particular, the comparisons with Swedish experience became all too familiar in the mid-1960s debate leading up to the piecemeal interventionism of the 1964-70 Wilson Government. Yet the now all too apparent weaknesses of both British and Swedish industrial and employment policy have caused Mr. Butt Philip not to abandon an interventionist stance but to suggest new refinements of this same approach.

The author's starting point is the widely accepted view that "successful demand management by the Government does not of itself solve problems of weak industrial structure or inadequate employment opportunities." The study is confined to reviewing the ways in which potentially permanent employment can be generated. Its emphasis is on how to select and promote viable investment projects which provide employment and not just short-lived job creation schemes, such as the Temporary Employment Subsidy.

Mr. Butt Philip discusses the general development and employment creation programmes, and concludes that this type of assistance is largely ineffective as far as long-term job creation is concerned.

The study points out that the responsibility for long-term job creation is split between many departments and agencies with the result that there have been differences of approach and a *lack of co-ordination.*

The author notes the increasing tendency in the 1970s to increase the finance available for selected cases on special terms, yet his study concludes that finance for employment-generating projects is only one of the obstacles to future employment, and concentration on the provision of investment capital is often not sufficient to create more jobs.

He queries the increasing discretionary powers conferred on civil servants and suggests that a more promising approach might be to develop some of the existing official agencies engaged in stimulating industry.

In the most interesting part of the 63 page study, the author suggests that useful experience can be learnt from the smaller agencies such as the Council for Small Industries in Rural Areas (COSIRA), the Highlands and Islands Development Board (HIDB) and the Scottish and Welsh Development agencies. Their work, often in partnership with the private sector, has included substantial non-financial support, for example in training for managers and workers, speculative factory buildings or improvements in local infrastructure. This aid can help small businesses in particular. Both COSIRA and HIDB already assume responsibility for changing the skill base of potential employees in a locality or even of workers in an existing firm.

The author becomes more contentious, and perhaps less convincing, when he analyses the Swedish example. In particular, he discusses the role of AMS (the Labour Market Board) which co-ordinates regional and labour market policy. "The authorities, closely involved in the individual firm's *investment and labour plans,* respond to the information thus received and adjust their policies as required. The degree of government involvement is exceptional, by British standards, but it has secured the co-operation of the trade unions and much of the business community because they share common goals (principally to prevent unemployment and to have viable companies) and because the policies themselves have proved successful. This in turn provides a background of economic stability and security which boosts business and trade union confidence."

Unfortunately that statement is now several years out of date as the Swedish economy now has one of the highest rates of price inflation and lowest rates of economic growth in Europe. There is not scope here to discuss whether the detailed *interventionist policies* in Sweden are a cause of this deterioration, though they are probably an influence. So Sweden can no longer be held as an example of the social democratic New Jerusalem.

Moreover in the UK there is not the degree of trade union and business acceptance of common goals, at least on a national level. But this may exist locally and thus help to explain the success of some of the smaller agencies. The author recognises that the difference in size of the two countries means that the type of detailed planning and intervention fundamental to Swedish policy could only be achieved on a regional, as opposed to a national, basis in Britain.

While some of Mr. Butt Philip's suggestions about increasing non-financial and training assistance at a local level to ease structural change could receive wide support, his conclusions drawn from Swedish experience about the role of the public sector as a co-ordinator of the labour market, are less plausible.

But perhaps the basic objection to this section of his study is his concentration on the public sector, thus playing down the role of the market and ignoring the constraints on the private sector's ability to create permanent long-term jobs often caused by state interference.

Creating New Jobs, a report on long-term job creation in Britain and Sweden. By Alan Butt Philip. Policy Studies Institute in association with the Centre for European Industrial Studies, University of Bath, price £3.60.

LOMBARD

Competition v. co-operation

BY COLIN JONES

COMPETITION policy invariably comes under pressure when the economy is in recession. It is all very well, we are told, to rely upon competition to stimulate efficiency and allocate resources at times of economic growth. It may be inappropriate or even counter-productive to do so when conditions are adverse. To rule out all forms of inter-firm co-operation then could make it harder to resolve problems of surplus capacity and structural decline.

A conflict between "competition" and "co-operation" is evident in Brussels. Viscount Etienne Davignon, the European industry commissioner, has split the Commission with his proposal to change the Community's competition rules so as to permit a series of EEC crisis cartels in man-made fibres and other hard-hit sectors.

Incomplete

It has also surfaced here in the reactions to the recent green paper on competition policy. The need to allow temporary cartels may form only part of the case put forward by the National Economic Development Office for balancing the claims of the Government's industrial strategy with those of competition policy. But the underlying arguments are the same, just as they were in the days of the Industrial Reorganisation Corporation or earlier still, in the 1950's, when Britain's first anti-cartel laws were being drawn up.

NEDO was right to question the green paper's thrust in favour of a tougher merger policy. As has been said in this column before, the evidence adduced as justification—that industrial concentration has increased to a worrying degree and many mergers are unsuccessful—is far from convincing.

Studies of concentration based, not upon actual market shares, but upon shares of output or employment ignore the competitive role of imports, the disproportionately large contribution big firms make to exports, and the countervailing power of big buyers and big suppliers: while no concentration ratio yet devised can tell us whether three firms dominating a market are fiercely competitive or prefer the quiet life. The evidence about the results of mergers is similarly incomplete. The most that can be said is that there are risks in mergers as in any other investment. Some succeed, others do not.

But to be sceptical about the case for a stronger mergers policy does not make one an "industrial strategist." What NEDO is basically saying is that a firm anti-trust stance may be the right policy in the U.S where imports are relatively marginal. But in the much smaller British economy, where structural problems abound and import penetration is high, one cannot rely upon the competitive process producing results which meet various national objectives for employment, the balance of payments, and so on. Market forces have to be canalised, and not just in times of recession.

The trouble with this reasoning is threefold. It assumes that industrial strategy can produce worthwhile results. It discounts the role of exchange rate movements. And it ignores the extent to which competition policy is already balanced with other policy considerations—including the balance of payments and employment.

In no branch of competition policy—monopolies, mergers, or restrictive practices—is the case for competition always given supremacy. Even with restrictive practices, which are statutorily presumed to be against the public interest, there are gateways to allow agreements to be upheld by the Court or to be exempted from a Court hearing. The grounds for exemption could, it is true, be made clearer and tidier; but the Office of Fair Trading is always ready to offer advice as to what can and cannot be done.

It is this balancing of conflicting policy considerations which has made the operation of competition policy so unpredictable and so difficult for businessmen to comprehend. It would become even more so if the industrial strategists were given their head, with restrictive practices as well as monopolies and mergers becoming subject to a two-tier system in which an administrative procedure preceded (and precluded) the judicial.

Desirable

If industrial strategists are convinced that co-operation is more likely than competition to improve efficiency in situations where co-operation is currently barred, they should be prepared to put their arguments to the test, case by case, before the Monopolies Commission or the Restrictive Practices Court (or an equivalent body). In Commission hearings, the case for competition could be put by the Director-General of Fair Trading (as he now does in the Court). Separating the Commission's investigatory and quasi-judicial roles is in any case desirable. It would give industrialists a clearer idea of where they stand, and it could make for quicker procedures. What must be avoided at all costs is a double standard system in which collusion became acceptable if it had Ministerial blessing and was subjected to legal sanctions if it did not.

Agreeable products of Verona province

WINE

EDMUND PENNING-ROWSELL

AS I AM sometimes obliged to write about good Italian wines unfamiliar here owing hitherto to a local reputation only or because they are scarcely exported, it is agreeable to deal with two of the best-known and most widely accepted here: Soave and Valpolicella. And to discuss the other wines of the Veneto which produces 15 per cent of all Italian DOC wines.

Soave is probably the most popular dry white Italian wine in Britain, and deservedly so, as it is usually much crisper and fresher-tasting than its rivals, partly because it is now not pasteurised: and at £2 or so a bottle it is excellent value, at a time when the better French wine prices are rising, and the high level of the DM makes all German wines relatively expensive.

Soave is produced east of Verona, and those who drive on the autostrada towards Vicenza will catch a glimpse of Soave's fine brick castle that dominates the little walled town, which is the centre of the Soave Classico area and the site of an important, up-to-date co-operative. The Classico area is only a fifth of the whole, which produces the substantial quantity of about half a million hectolitres a year. It is made mostly from the local Garganega grape and blended with Trebbiano di Soave. Bottled after six months, to my mind it is best drunk within the next twelve.

Like many other Italian wines there is a Superiore version, and it is worth explaining the significance of this and Classico on the Veronese wine labels.

Wines from the Classico district are likely to be the best of the area, but Superiore indicates not only a higher alcoholic strength but a minimum ageing period before bottling: in Soave's case seven months from the January following the vintage, for Valpolicella at least one year in wood.

Soave is essentially a summer wine, to be served chilled but not frozen. A rarity is Recioto di Soave, made from grapes left to dry in open boxes until January and then fermented very slowly. It is a deliciously grapey dessert wine, saved from being sickly by a good balance of acidity. Most of the Soave co-operatives and private firms make a little, but one I particularly enjoyed on a recent visit was made by Pieropan of Soave, who also make an excellent normal dry Soave, and whose agents here are Trestini, 20, Chancel Street, S.E.1.

Of the well-known Italian reds I find Valpolicella one of the most attractive, as it is lighter and less tannic than some of the others. Made basically from three grape varieties, the Corvina, Rondinella and Molinara, it is a medium coloured wine, sometimes without much bouquet, but with a fruity flavour that contains a slight bitterness that admirably accompanies spicy Italian food.

As it improves with some age, one should always look for the Superiore. One that I particularly liked on the spot was made by Allegrini of Fumane in the Classico area, and which had had three years in wood. Valpolicella is usually at its peak at about five years old, but its speciality, a dry Recioto called Amarone (literally "very bitter") has a minimum of three years in wood.

It is a deep-flavoured, powerful wine that the Veronese recommend to accompany game.

It costs about three times the price of the normal wine, but that does not mean more than about £2.50 retail in the region. Lamberti, whose agents here are IDV, has an excellent 1974, with a strength of 14 degrees; and they can be stronger.

The Classico area of Valpolicella is to the north-west of Verona, in the direction of Garda, but the ordinary type is made to the north and north east of the city, with a special slice in the middle known as the Valpantena.

Lighter than Valpolicella is the charming Bardolino, produced near the eastern side of Lake Garda, with the Classico area based on the highly agreeable lakeside towns of Garda Bardolino, Garda and Lazise. In style Bardolino is not unlike Beaujolais, and they even have a Bardolino Novello. However, there is none of the mad mid-November rush that appears necessary to promote Beaujolais Nouveau, but the wine is in the shops and restaurants in time for Christmas, and very popular is this light, cheerful wine. Bardolino is made from the same grapes as Valpolicella, with the addition of the local Negrara, named after one of the six Valpolicella Classico communes, which is the home of an important co-operative, the only one in this inner district.

Bardolino is also a summer wine, often served lightly chilled; and it should be drunk within two years of the vintage. Average production is about 200,000 hl, half the normal total of Valpolicella.

The other Veronese DOC wines are less likely to be found here, but are worth mentioning. The first is Bianco di Custoza, derived from a small area near the south-east corner of Lake Garda and based on Peschiera.

Made partly from the same grapes as Soave, it has larger proportions of Cortese, a Piedmontese variety and Tocai from Friuli. It is a weightier, fruitier wine than Soave, with rather a full character, but only about 20,000 hl a year are made. Adjoining it is Lugana, made from a Veronese variety of Trebbiano, although nearly all the district is in the province of Brescia, which claims part of the south and most of the west bank of Lake Garda. It is similar in style to Bianco di Custoza.

Another wine mostly made in another region is Valdadige, red and white, essentially concentrated in the Adige Valley in the Trentino, but also produced in a few communes included in the Veneto. Awarded DOC status only three years ago, they are made from grapes associated with the Trentino, including black and white Pinot, Italian Riesling, Schiave, etc. The red is light in style, and so is the white.

Our high duties obscure the price attraction of these Veronese wines, which can mostly be found in local supermarkets at around L1,000 (c. 65p) a bottle, if dearer in small grocers and shops in tourist areas. Here they are likely to cost around £2.

Owing to the short period in which Italian wines have become widely popular here, our knowledge of them is likely to be confined to the products of those firms long established in the UK, such as Bertani, notable for its Valpolicella Valpantena and Bolla, particularly known for its Soaves. There are, however, many others who make excellent Veronese wines and are beginning to sell to this country. Among the co-operatives whose wines might well be looked for are those of Soave and Negrar (for Valpolicella and Bardolino).

Among the larger private firms I visited were Fabiano, an up-and-coming firm, represented here by Enotria Wines, 6, Chandos Park Estate, N.W.10, and Lamberti, part of the opulent Wine Food group, whose impressive up-to-date installations everywhere in Italy appear to have been constructed regardless of expense.

Medium-sized and smaller firms whose wines attracted me on a tour restricted in time included Allegrini, Biscardo, Villa Girardi, Masi and Scamperle. The larger firms market the whole range of Veronese DOC wines, either from their own vineyards or from grapes bought in regularly from the same growers or occasionally from wine acquired on a similar basis. The smaller firms mentioned here concentrate on the wines of their own district, mostly Valpolicella and Bardolino. The majority have British agents.

Now is a good time to drink these attractive, Veronese wines, for they are relatively inexpensive, although I was warned that the growers were generally under-rewarded, and prices are soon likely to increase, perhaps by as much as 30 per cent, though that rise would not be reflected in the prices here. They are all admirable wines for summer drinking.

Kilroy Hawk best at Ayr

RACING

BY DARE WIGAN

IN THE absence of Nocturnal Boy, Kilroy Hawk may be something to bet on in the Strathclyde Stakes at Ayr this afternoon. This American-bred colt, who cost $35,000 as a yearling, has run once—sixth behind Ela-Mana-Mou at Newbury last month and obviously had plenty of scope for improvement.

He is trained by Gavin Hunter at East Ilsley, Berkshire, and missed a race yesterday in order to run here—a postponement which may pay dividends.

Lady Murless, who has close family connections with Ayr, runs Clwyd in the Soutar Johnnie Handicap. This superbly-bred colt by Crepello, out of the Alternant mare Caerphilly, has been somewhat disappointing, but, with M Wigham claiming the 3lb allowance, appears to be well treated with 7st 11lb.

Gay Herald, from P. Cole's Lambourn stable, Berkshire, has been running well of late and will require a deal of beating in the Dumfries Handicap, as will Pragmatic, another Berkshire-trained colt in the Kirkoswald Stakes.

Apart from Ayr, the remainder of the day's racing is run-of-the-mill stuff, which is not surprising bearing in mind the forthcoming two days extra at Ascot on Friday and Saturday, followed by five consecutive days at Goodwood next week.

However, from the betting point of view, Rose Track, who goes well for his competent owner-rider, Miss Franca Vittadini, is the probable winner of the Friends of Folkestone Amateur Riders' Handicap; and Pathfinder is unlikely to be beaten in the Derek Underwood Stakes on the Kent course.

At Leicester, King of Darby has an obvious chance in the Mountsorrell Stakes.

AYR
3.00—Pragmatic
3.30—Clwyd*
4.00—Gay Herald*
4.30—Kilroy Hawk***

FOLKESTONE
2.45—Rose Track
4.15—Pathfinder

REDCAR
3.00—Lady Lindsay
3.30—Hand Made

LEICESTER
7.35—King of Darby
9.05—Escape Me Never

At Redcar, Lady Lindsay is just preferred to Chiparia in the Mackinlay Memorial Handicap and Hand Made, a small colt by High Top, can defy 8st 11lb in the Eston Handicap.

Nuclear reactor tours plan

VISITORS to the northernmost coast of Scotland will be able from today to visit the prototype fast reactor at the Dounreay nuclear establishment, near Thurso.

Free tickets for three tours each afternoon from Monday to Friday will be obtainable from the tourist information centre in Thurso.

To minimise disturbance to the installation, groups will be limited to about 12 and children under 14 years of age will not be accepted.

On arrival at the site, visitors, after entry formalities, will be taken by coach to the reactor building for a conducted tour during which they will see the control room, the reactor and the area where irradiated fuel from the reactor is remotely examined in heavily shielded "caves."

TV/Radio

†indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 1.30 pm Bod. 1.45 News. 3.15 Your Songs of Praise Choice. 3.50 Tybed. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 We Are The Champions 1978. 5.10 Wildtrack. 5.35 The Wombles.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 Hobby Horse.
7.20 The Rockford Files.
8.10 Who Pays the Ferryman?
9.00 News.
9.25 Cabaret Showtime.
10.10 Royal International Horse Show.
11.15 Play Golf.
11.40-11.45 Weatherman/Regional News.

All Regions programmes as BBC1 except at the following times:—

Wales—5.55-6.20 pm Wales Today. 6.55-7.20 Heddiw. 11.40 News and Weather for Wales.

Scotland—10.00am Paddington. 10.05 Jackanory. 10.20 Help! 10.40-11.00 Big John, Little John. 5.55-6.20 pm Reporting Scotland. 11.40 News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.40 pm News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.55-7.00 pm Open University.
7.00 News Headlines.
7.05 Dilemmas.
7.30 News on 2.
7.40 Schools Prom.
8.10 Eight Pairs of Eyes.
8.55 Magoo on 2.
9.00 Sing Country.
9.40 Our Mutual Friend.
10.35 A Taste of Britain.
11.00 Multi-Racial Britain.
11.25 News.
11.35-11.45 Closedown, reading.

LONDON

9.30 am A Place in History. 9.55 Plain Sailing. 10.20 Hot Millions. Starring Peter Ustinov, Maggie Smith. 12.00 Issi Noho. 12.10 pm Hickory House. 12.30 Homemade for the Home. 1.00 News plus FT index. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 Racing from Redcar (2.30, 3.00, 3.30, 4.00 races). 4.20 Breakers. 4.45 Extraordinary. 5.15 The Brady Bunch
5.45 News.
6.00 Thames at Six.
6.35 Crossroads.
7.00 Survival.
7.30 Spearhead.
8.30 Life Begins at Forty.
9.00 Will Shakespeare.
10.00 News at Ten.
10.30 Trident Science Awards.
11.30 Lou Grant.
12.25 am Close: Gerard Manley Hopkins poem read by Michael Burrell.

ANGLIA

10.20 am "Run Wild, Run Free." 1.25 pm Anglia News. 2.00 Houseparty. 5.15 Horses in Our Blood. 6.00 About Anglia. 11.30 Music in Camera. 12.00 Witness to Yesterday. 12.25 am Our Concern.

ATV

10.20 am "The Scarlet Pimpernel." 11.55 The Adventures of Parsley. 1.20 pm ATV Newsdesk. 5.15 Gambit. 6.00 ATV Today. 11.30 Police Surgeon. 12.00 Something Different.

BORDER

†10.20 am "The Golden Age of Comedy." 11.35 Untamed Frontiers. †1.20 pm Border News. 5.15 Those Wonderful TV Times. 6.00 Lookaround Tuesday. 11.30 The Odd Couple. 12.00 Border News.

CHANNEL

1.18 pm Channel Lunchtime News. 5.15 Those Wonderful TV Times. 6.00 Report. 10.28 Channel Late News. 11.30 What About the Workers. 12.00 The Wells of Montrose. 12.25 am Visages de France followed by Weather.

GRAMPIAN

9.25 am First Thing. 10.20 Cash and Company. 11.05 Diary of Civilisation. 1.20 pm Grampian Headlines. 5.15 Those Wonderful TV Times. 6.00 Grampian Today. 6.10 The Electric Theatre Show. 11.20 For Gentlemen only. 11.50 Reflections. 11.55 Grampian Late Headlines.

GRANADA

10.20 am "The Pure Hell of St. Trinians." 11.50 Cartoon. 1.20 pm This Is Your Right. 5.10 What's News. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Branded. 11.30 What About the Workers. 12.00 Police Surgeon. 12.25 am A Little Night Music.

HTV

10.20 am Cash and Company. 11.15 Wild, Wild World of Animals. 11.45 Flower Stories. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 The First Robin Cousins. 7.00 Challenge of the Sexes. 11.30 The Outsiders.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20-4.45 Y Teyliwyr. 6.00-6.15 Y Dydd. 10.30 Hywyd. 11.15 World in Action. 11.45 Celebrity Squares.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

10.20 am McMillan and Wife. 1.25 pm News and Road report. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Oh No It's Selwyn Froggitt. 12.00 Late Call.

SOUTHERN

10.20 am "The Crimson Pirate." 1.20 pm Southern News. 2.00 Houseparty. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Day by Day. 6.30 Survival. 7.00 Father, Dear Father. 11.25 Southern News Extra. 11.35 What About the Workers. 12.05 am Weather Forecast followed by Yesterday's Tears.

TYNE TEES

9.25 am The Good Word. †10.20 "Rembrandt," starring Charles Laughton. 11.40 The Secret Lives of Waldo Kitty. 1.20 pm North East News. 5.15 Tell Me Why. 6.00 Northern Life. 11.30 The Adventurer. 12.00 Epilogue.

ULSTER

10.20 am "The Scarlet Pimpernel." 1.20 pm Lunchtime. 4.18 Ulster Headlines. 5.15 Friends of Man. 6.00 Ulster News. 6.35 Crossroads. 6.30 Reports. 6.45 Taking Shape. 11.20 Bedtime.

WESTWARD

10.20 Cartoontime. 10.30 "Kaleidoscope." 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward Headlines. 5.15 Those Wonderful TV Times. 6.00 Westward Diary. 10.22 Westward Late News. 11.35 What About the Workers. 11.55 The Wells of Montrose. 12.20 am Faith for Life.

YORKSHIRE

10.20 am Power Without Glory. 11.10 Choirs of the World. 11.35 Friends of Man. 1.20 pm Calendar News. 5.15 Those Wonderful TV Times. 6.00 Calendar (Emley Moor and Belmont editions). 11.25 At the Embankment.

F.T. CROSSWORD PUZZLE No. 3,721

ACROSS

1 Change oyster for a different one (11)
7 and 28 Not in race but travel faster (6)
9 Region producing genuine Frenchman (5)
10 Detour that should provide entertainment (9)
11 Soldier going to Her Majesty could be a robber (9)
12 Store with two gases to employ (5)
13 Cooling drinks for horses (7)
15 Time to put back issue (4)
18 Mark on vehicle from the south (4)
20 Intoxicated men lose their head and become more tense (7)
23 A doctor going to soldiers in return for a bouquet (5)
24 Debutante getting a piece of furniture? It's open to argument! (9)
26 Despondent about not having one suit (9)
27 Lurk round bows of ship with learner (5)
28 see 7 across
29 Is thick string in ball making a difference? (11)

DOWN

1 Tune's speed or volume (3-5)
2 Disastrous way of making a girl act (8)
3 Dance requiring spirit to a degree (5)
4 Where one may be found putting notice on gown (7)
5 The opposite side in poetry (7)
6 Land fish for a worldly-minded person (9)
7 Party coming up with promissory notes is repulsive (6)
8 Train follower to be affectionate (6)
14 Delighted to sing to Oriental in the end (9)
16 Obstinate Pole has bath created (8)
17 Be at the root of unusual rude line (8)
19 Soldiers come into line for relief (7)
20 Check when company makes sauce (7)
21 Female in war secures a nut (6)
22 Party on sea and land (6)
25 Lukewarm diet sent up for internal patient initially (5)

Solution to Puzzle No. 3,720

RADIO 1 247m

(S) Stereophonic broadcast
† Medium Wave only

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.00 Tony Blackburn. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Peter Powell. 4.31 Kid Jensen including 5.30 Newsbeat. 7.30 Sports Desk (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2 including 1.55 pm Good Listening. 10.00 pm With Radio 1. 12.00-2.02 am With Radio 2.

RADIO 2 1,500m and VHF

5.00 am News. 5.02 Richard Vaughan with The Early Show (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Folk 78 (S). 7.30 Sports Desk. 7.33 On the Third Beat (S). 8.02 Gilbert and Sullivan (S). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 Three in a Row. 10.30 The Steptoe Saga. 11.02 Sports Desk. 11.05 Brian Matthew introduces Round Midnight including 12.00 Midnight News. 2.00-2.02 News Summary.

RADIO 3 464m, Stereo & VHF

†6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Britten (S). 9.35 Concertos for 2, 3 and 4 Harpsichords (S). 10.25 Interval Reading. 10.30 Concertos, part 2. 11.15 English Songs Recital, part 1 (S). 11.40 Rossetti: Reading. 11.45 Recital. 12.15 pm BBC Welsh Symphony Orchestra Concert, part 1 (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 BBC Welsh SO, part 2 (S). 2.05 Cooke and Haydn (S). 2.50 Southern Cathedrals Festival 1977 (S). 4.30 Symphonies from the North (S). 5.15 Jazz Today (S). †5.45 Homeward Bound. †6.05 News. †6.10 Homeward Bound (continued). †6.30 Lifelines: Work and Training. 7.30 Halle Orchestra concert, part 1 (S). 8.05 His Fancy Disordered. 8.25 Halle Orchestra, part 2 (S). 9.55 The Character of Ireland. 11.40 Two Sets of Strauss Songs (S). 11.25 John Williams (S). 11.45 News. 11.50-12.05 am Tonight's Schubert Song (S).

Radio 3 VHF Only—6.00-7.00 am and 5.45-7.30 pm Open University.

RADIO 4

434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today. 7.00 and 8.00 News. 7.30 and 8.30 News Headlines. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Sing a Song Of . . . (S). 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Unions. 12.00 News. 12.02 pm You and Yours. 12.20 Desert Island Discs. 12.55 Weather. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.10 Questions to the Prime Minister. 3.35 A La Carte. 4.00 News. 4.05 Gardeners' Question Time. 4.35 Story Time. 5.00 PM: Reports. 5.40 Serendipity. 5.55 Weather: programme news. 6.00 News. 6.30 Many a Slip. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Halle Orchestra Concert (S) as Radio 3. 9.50 Weather. 10.00 The World Tonight. 10.30 The News Quiz (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News; Weather. 12.20-12.25 am Inshore Forecast.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In including at 1.00 London News Desk. 2.03 206 Showcase. 4.03 Home Run including London News Desk. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 All That Jazz. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time. 1.05-Close As Radio 2.

London Broadcasting

261m and 97.3 VHF

5.00 am Morning Music. 6.00 AM with Bob Holness and Douglas Cameron. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'Clock Call. 4.00 LBC Reports. 8.00 After Eight with Ian Gilchrist. 9.00 Nightline with Keith Chalkley. 1.00 am Night Extra with Allan King.

Capital Radio

194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Mike Allen (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

Tate/Serpentine/Fischer Fine Art

Henry Moore at Eighty

by WILLIAM PACKER

At the very end of this month Henry Moore, our most celebrated of living artists, achieves his 80th birthday; and it is as appropriate as it is unsurprising that a number of important exhibitions should have been arranged to mark the occasion: indeed it would have been a scandal had anything less been done. For the bald truth is that Moore's celebrity, though in this country it came late, and has never been conspicuously sustained by practical public support, is entirely deserved. He stands in the front rank of sculptors in this century, second to none, the peer of Brancusi, Arp and Giacometti; and, if it is clear from the perspective we can now enjoy back over a long career, that only in England could he ever have been taken as radical innovator, iconoclast, and pillar of the avant-garde, we are able to see with an equal clarity that from the very first his work was of the highest quality, and that the scale of his consolidated achievement is immense.

Today, by making a short tour from Millbank to Kensington Gardens by way of St. James's, we are able to take as comprehensive a view of it as is ever likely to be possible. At the Tate are two distinct exhibitions (both until August 28), the one a copious examination of Moore as a draughtsman, the other a display of the princely gift he has made to the country—we were hardly likely to acquire any of it otherwise—of some three dozen major works, that corpus augmented by the Tate's entire previous holding of his sculpture. At the Serpentine Gallery (until October 8) is shown a choice group of his more recent carvings, while among the trees nearby, and on the lawns sloping down to the water, are disposed nine of his monumental works in bronze and fibre-glass. And at Fischer Fine Art (until the end of August), choicest of all, are more of his carvings but of all periods, among them some of his very earliest works.

What we learn from these early pieces, which include a couple at the Tate, and from the magnificent sequence of figure drawings made through the twenties, and on into the thirties, is that Moore has always been essentially an artist who identifies himself with the great art of the past, has drawn upon the same material and taken upon himself the same great subjects, setting himself to work within, and only incidentally to extend, that tradition.

Originality is a quality inherent in the nature of the true artist, and perhaps we worry about it too much for its own sake, forgetting that it is well able to look after itself if the work is good enough. Moore's hand is plainly on all he has touched, and, as is always the case, the less self-consciously original he is at any point, the truer the work. We know that as a student at the Royal College all those years ago he took himself off to the British Museum, to the pre-Columbian sculpture of Mexico, to the great works of European antiquity. But in Kensington itself, at the V. and A., is one of the greatest accumulations in the world of medieval and renaissance sculpture; and in the narrow galleries running along one side of the courtyard are kept a number of the most beautiful Florentine marble reliefs of the quattrocento, one in particular, a Virgin and Child by Rosselli, an object I take every opportunity to visit. Moore made a study of it in 1923, and the carving he made then of the Virgin's head is now to be seen in the Fischer show, a remarkable virtuoso piece: and it may be fanciful to say that the young artist made it unquestionably his own, to discern in the smooth and faithful modelling of the broad cheek and brow, in the sharp cut of the eyes and lips, a discreet but firm and recognisable signature. It is certainly a beautiful thing in its own right.

Fischer, and the Arts Council at the Serpentine, are quite right to place the emphasis so firmly on the carving, for that reductive activity has always been at the very heart of the work; and even in the modelled and cast sculptures, especially the huge ones of recent years, built up to their final size from the first tiny mequette only after many stages have been passed through, we sense that they have been over-amplified only to be rasped and cut and smoothed back to their proper scale.

Before the war the work was generally rather small, monumental only in implication, but the intention was always clear enough. The drawings of that first period show us that given the chance Moore would work back into the landscape, and on an appropriate scale. Those life drawings are monuments in themselves, and the projects, studies and ideas for sculpture that march with them, whether remaining closely figurative or sailing off into flights of abstracted surrealist invention, suggest repeatedly not only an immediate but an extensive setting. Moore has been throughout his life a splendid, if sometimes a rather self-indulgent draughtsman; and the drawings now at the Tate represent a remarkable achievement. Even by 1940 he had done enough in this field alone to secure a considerable reputation (that is to say in the long term, for only then did he first begin to live entirely off his work): but the sculpture of those years is the thing that secured his pre-eminence.

After the War, however, the chance came to make his name in the national rather than just the critical sense. His subject has always been close to nature, especially in her feminine aspect, the earth mother: and in the reclining figure that has so preoccupied him he catches time and again the rhythms of landscape, a profound and peculiarly English accommodation of Man with Nature. The reference is well taken, and once familiarity took over from the Modern Art Joke in the public mind, his work at once become accessible and acceptable to the generality of people. We read few complaints in the local paper these days about the local Henry Moore: and the popular response to the huge pieces by the Serpentine, where they look so well, is evidently enthusiastic, whether expressed directly, as by the children scrambling over them, or at a more respectful, adult distance.

I wrote at length about Henry Moore last year at the time of his show in Paris at the Orangerie. The many shows here this year have proved impossible to cover except in these more general terms, one or two regrettably overlooked altogether, notably the fine show organised recently in Bradford by Vera Lindsay. Yorkshire is as proud of her famous son as we all should be, for we are lucky to have him. We all congratulate him, I am sure, on his birthday.

John Timbers

Henry Moore's carving from Rosselli's "Virgin and Child"

Books on the Arts

Sadler's Wells and its history

by ELIZABETH FORBES

The Story of Sadler's Wells by Dennis Arundell. David & Charles, £6.95. 352 pages

In 1683, two workmen digging for gravel in the garden of Mr. Sadler's Musick-House at Islington, uncovered a stone well. Later, two other springs were disclosed, and Sadler's New Tunbridge Wells became a popular summer visiting place where one could drink the waters and be entertained at the same time.

Dennis Arundell's history of the successive Sadler's Wells theatres, first published in 1965, has been reprinted with three extra chapters to bring his account up to 1977. The new material is welcome though some of it makes melancholy reading—from the theatre's point of view—as history repeats itself and the Sadler's Wells Opera moves to the Coliseum to become the English National Opera, just as 20 years before the Sadler's Wells Ballet moved to Covent Garden to become the Royal Ballet. But the fascination of a compelling story lies mainly in the first half, which chronicles two centuries of theatrical development and social change.

At the beginning of the 18th century, when Sadler's Wells was surrounded by open fields, footpads were a serious danger and shows started early to end before dark; later, the times of moonlight or "Cynthia" were advertised for the convenience of patrons. Rough mannered local audiences were diluted by better behaved spectators as the fashionable world discovered the road to Islington and the neighbouring land was built over. Programmes were astonishingly varied, with music, dancing, singing, melodrama, pantomime, tumbling and wire-walking. Favourite performers included Signor Ferzi, who went through military exercises on the tightrope "to the satisfaction of all the Gentlemen of the Army who were present."

Another attraction was Moustache, the canine star, who sported musket and helmet as well as uniform and boots, while even Dr. Johnson was impressed by the Learned Pig.

Topical shows were all the rage: *Gallic Freedom, or Vice la Liberté* presented the storming of the Bastille less than six weeks after the event, and in 1804 *The Siege of Gibraltar* inaugurated the new water-theatre, with 117 model ships each 3 ft long manoeuvred by swimming boys. Spectacle was not, however, the only popular entertainment; music played an equally important role, and *The Daughter of the Air*, a Ballet-Pantomime with music by Mozart was a version of *The Magic Flute* predating by more than a decade the opera's official introduction to England. The great clown, Joe Grimaldi, who made his first appearance at Sadler's Wells at the age of two and a half, was as renowned for his songs as for his mime; owing to ill-health, Grimaldi retired when still under 50, but his personality dominated the theatre for a quarter of a century.

Another star personality, Samuel Phelps, rescued the Wells from a decline in reputation after Grimaldi's retirement. Phelps produced 31 of Shakespeare's plays, as well as a large number of other dramas, old and new, during his 18-year reign. The 20th century brought an even lower ebb in the theatre's fortunes; used as a roller-skating rink, a variety house, a music-hall and a cinema, Sadler's Wells was saved from destruction by The Lady—Lilian Baylis—when she acquired it as a second home for her Old Vic drama and opera companies.

The rest of the story is well-known. Dennis Arundell himself figures in it as actor, musician and producer. Ironically, as he says, "while the truth (so far as it is known) can be told freely about the distant past, the nearer one comes to the present, the more careful (one might say, the less candid) must one be."

Cambridge Theatre

Sing Happy

by B. A. YOUNG

D. G. Associates and director Kim Grant have worked hard at making a Sondheim-Coward-Porter show from the songs of John Kander and Fred Ebb, but all they have made is a concert. They have extracted songs from seven Broadway musicals, of which only *Cabaret* crossed the Atlantic, plus two films and television shows, and these are ably put over by a cast of three girls and a boy.

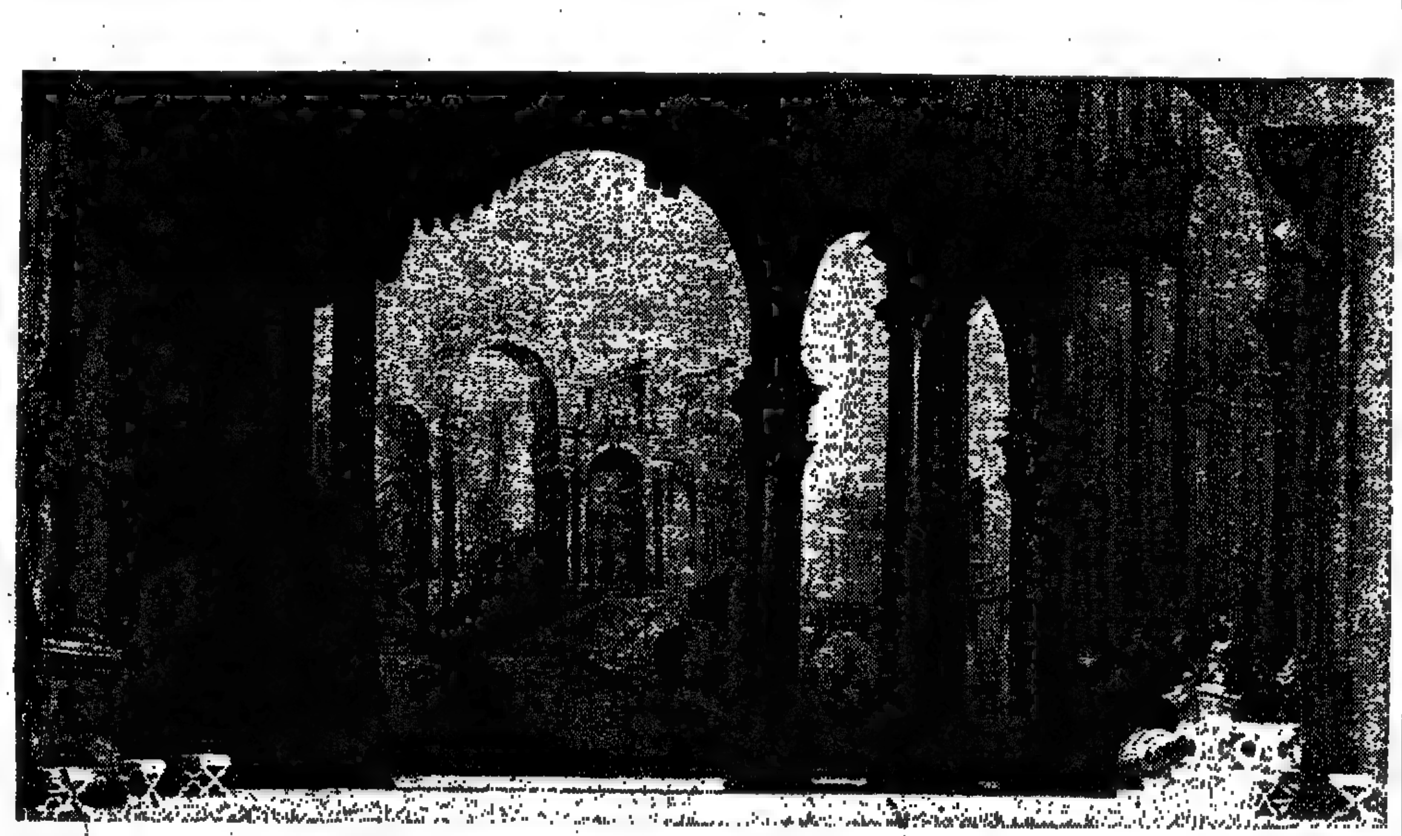
But Kander-Ebb songs are mostly one-idea songs. Noël Coward's songs, and Stephen Sondheim's, and Cole Porter's, can stand alone as self-contained items, because the ideas are developed and distributed throughout, and seasoned with ingenious rhyme-schemes and so on. Kander and Ebb write attractive tunes, but they don't deal much in wit. Their songs need a context, or at the very least a commentary, such as Ned Sherrin provided for the Sondheim anthology.

Wit does occasionally surface, usually in songs with a long narrative line such as "Ring Them Bells," which is handsomely belted out by Liz Robertson, or "Bo Bo's," equally handsomely done by Isabelle Lucas. There is some out-and-out humour. "Class" (from *Chicago*), is hilarious as sung by Miss Lucas and Maureen Scott, two hookers condemning the current fall in good manners as they sit over a game of gin rummy. So is "Coffee in a Cardboard Cup" (from *Seventy Girls Seventy*) by the same pair in the same situation.

But some of the numbers seem weak without some support. Mike Howe ought to be funny in "Mr. Cellophane" (also from *Chicago*), as the man who never gets noticed; but the single idea is spread out over the whole 32 bars of the chorus, and that not one of the most tuneful. Given some idea of the situation, we might have laughed ourselves sick.

There's nothing wrong with *Sing Happy* as a concert, except that its title gives no indication what it's about. (It's the name of a song from *Flora, the Red Menace*, which played in 1965, and who remembers that?) Grant Hossack directs the music pleasantly, there are some decent dance movements of a modest kind. There will be further performances next Saturday, July 22, at 11.30 pm, and Sunday July 23 at 8.0 pm. After that it should be taken down and overhauled to make better use both of the material and players.

In my notice of *The Aspern Papers* at Chichester, I denigrated Eve Schickle's Italian accent. Now they tell me it is a well-observed Venetian dialect, so I must not only apologise but add a congratulation on observing such a detail.



The late Oliver Messel's design for the third act of "The Sleeping Beauty" as performed by the Sadler's Wells Ballet at the re-opening of the Royal Opera House, Covent Garden in 1946. This is one of 300 designs, 35 in colour, which appear in Design for Ballet just published by Studio Vista. This lavishly produced book is written by Mary Clarke and Clement Crisp, the Financial Times ballet critic, and traces the marriage of ballet and design from the court entertainments of the Renaissance down to work by Warhol and Jasper Johns. Designing for the ballet has attracted some of the greatest of artists, particularly in recent years and the sets from Picasso, Matisse, Chagall, Dali and many others are well covered. The lavish spectacles and dramatic effects of the 17th century contrast with the stark drama of some contemporary design. The book, which costs £17.50, is the first major historical survey of ballet design and is as remarkable for the comprehensiveness of its illustrations as in its tracing of the vicissitudes of the art.

Stage-struck

by B. A. YOUNG

Going to Shakespeare, J. C. Trewin. Allen and Unwin, £6.95. 283 pages
My Drama School, Ed. Margaret McCall. Robson Books, £5.25. 202 pages
My Love Affair with a Theatre by Derek Salberg. Courtney Publications, £4.25. 220 pages

Surely no calling commands so universal a loyalty from those involved in it as the theatre. These three books are written respectively by a critic, an assortment of players and a manager. None of them suggests that he or she would willingly have had things different.

J. C. Trewin offers a kind of Shakespearian Pevsner; he gives each play, from *King Henry VI Part I* to *King Henry VIII*, a brief survey indicating points of special interest, recounting an anecdote, elucidating a difficulty. Mr. Trewin has the most capacious memory of any of my critical colleagues, and can remember—and describe succinctly—his experience of more Shakespearian performances than most of us are likely to see in our lives. The book is ideal for comparative newcomers to Shakespeare; even to veterans it has much to provide both in knowledge and in humour.

And the players themselves, how do they achieve their privileged status? In an addition to the series that has included Oxford, Cambridge, LSE and medical school, *My Drama School* contains memories of their training by a baker's dozen of players; or rather, by 10 players and three writers who were actors first. Life at the English school seems to have been much the same for stars like Dame Flora Robson or apostates like Paul Bailey, though Yvonne Mitchell and Lee Montague had less conventional upbringings under Michel Saint-Denis. Lilli Palmer and Mai Zetterling relied on gurus. All of them look back on their teachers with devotion, though not unseasoned with laughter. The next two books in the series are *My Art School* and *My Scottish University*. And then? Why not *My Prison*?

The theatre with which Derek Salberg fell in love was the Alexandra, Birmingham. His book is partly the story of the theatre, which his father owned, and partly of his own connection with it. He began as an ASM in 1932, was managing director five years later (aged 25), and stayed there until his retirement 40 years on.

The fortunes of the Alex may sound like a minority interest to the world at large: but the appendix which lists the companies from 1927 to 1973, when rep at the theatre ended, suggests a distinguished minority, with names in it like Raymond Huntley, Kenneth More, Robin Bailey, Alec McCowen, Zena Walker, Billie Whitelaw, Vivien Merchant, John Standing.

Cheltenham Festival

Hamilton and Fricker

by DOMINIC GILL

The days are past when every concert of the Cheltenham Festival would present at least one first performance of a new work by a British composer. Economies at home, as elsewhere in Europe, have taken their toll. But the festival accent is still principally British; and two of the three concerts of the final day on Sunday did indeed offer a premiere each.

They were both, in now traditional Cheltenham fashion, premieres of the older school. The more substantial, and perhaps the more surprising, was a commission from Iain Hamilton (b. 1922) given in the Town Hall by the BBC Symphony Orchestra under David Atherton and broadcast later the same evening on Radio 3—*Cleopatra*, a 20-minute "dramatic scene" for soprano and orchestra, unblushingly romantic in cast, unequivocally tonal (the centre is B minor): unexpected but splendidly uncompromising essay from this hitherto not notably indulgent composer. The English text, a plain monologue, wisely low-keyed, is Hamilton's own. The scoring, for full symphony orchestra, is lush: soulful reeds against harp, big block chords at climaxes, delicate melismas of flute against strings. The harmonies are chromatic and free-reined: an opulent soprano line carried forward (though without any sense of direct pastiche) on a groundswell of Rachmaninov and Strauss. This almanac has reported greater neo-romantic storms and tempests. But on its own terms, skilful and unpretentious, and notably uncloying, *Cleopatra* works. Radio listeners, as well as concert-goers, can hear it again when it appears at this year's Proms.

In the same orchestral programme we also heard Brian Newbould's excellent new realisation of Schubert's other Unfinished Symphony, the seventh in E major—known until now only in Weingartner's inexact and unstylish version (published by Universal), but by Newbould much more scrupulously served: a brilliant piece of practical scholarship which offers us no less than a new Schubert symphony intact, as well as helping to fill out for us, as the author intends, the stylistic gap between the early and late orchestral works. It should be taken into the repertory quickly, and for its lovely andante alone, heard often in the concert hall.

The other new work of the festival's final day was Anniversary for piano by Peter Racine Fricker, played as part of a recital of Beethoven and John Ireland by Colin Kingsley. The music gets its title from its date of composition last year, at the time of the Royal Jubilee. But it is not otherwise especially jubilant: a plain man's guide to piano-writing, 23 minutes long done with vigour and clarity, and at its best in the slower music, when it does not *maunder*, with a kind of Messiaenish resonance—but stolidly, without any real leap of imagination or conviction.

Buda Castle rises again

At the end of the Second World War, when Buda Castle was a charred ruin, the Hungarian government made a bold decision: not only would they restore it, but they would also take advantage of its condition for excavating before rebuilding. There was considerable interest in what remained of the medieval palace that was known to be under the present baroque structure with its command of the Danube.

The first phase of the excavations lasted 15 years and long delayed the opening of what was planned now to house the cultural life of the nation. Gradually since the mid-1960s, one part of the palace was opened as a Museum of the Workers' Movement. Part of the National Gallery moved in, and just this year a complex of theatres took up residence in the castle in what was the site of the first permanent theatre in the Hungarian capital, a venue where Beethoven played a piano recital in 1800.

A second phase of excavations began in 1967 and uncovered unanticipated riches that are now on display in uncovered and reconstructed bits of that medieval palace. Some dozen statues no more than three feet high reveal a previously unknown period in Hungarian art, the fifteenth century. One category of work consists of secular statues of graceful knights, courtiers and ladies with their knaves, heralds and ladies in waiting bearing their arms.

The women's long dresses are carved with folds as though being held up in their hands. Knights wear knee-length tunics and belts decorated with daisies. Traces of paint show the knights wore red tights. One lady's golden curls are reproduced in gold leaf, now barely visible.

The other set of statues depicts religious figures — apostles or phrophets and saints —each with a long cloak. A female saint shows remains of blue and brown paint, while one of the apostles has some bluish grey paint on his cloak. The most complete of these figures is a saint, presumed to be St. Bartholomew, holding a leather bag in his right hand and wearing a red cloak. His head is uncovered and his outer cloak is open to reveal a tunic belted at his waist.

Unfortunately, except for this St. Bartholemew, one apostle and one knight with a daisy belt, all the heads and torsos were found separately. In the interests of historical accuracy no attempt was made to piece the figures together, even where heads seemed to fit particular bodies.

The Gothic Hall, where the secular statues now stand, was itself buried under another building until excavations uncovered it in 1950. It was reconstructed from architectural fragments, the window-frame, pillars and springers, and is an important discovery in itself. For it represents the only evidence of what is known to be a flourishing period for Hungarian architecture, when Sigismund, king of Germany as well as Hungary, travelled throughout Europe and sent masters from Paris in 1416 and from Augsburg in 1418 to work in Buda. The lower chapel which houses the religious figures was unearthed intact and reconstructed around the preserved tracery windows and the walls that survived above the level of the springers. It provides evidence of the large scale building that was done in the Hungarian Gothic style of the fourteenth century.

FRANK LIPSIUS

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A realistic summit

THE SEVEN Western leaders have not pulled any rabbits out of a hat at their Bonn summit. The economic package endorsed by yesterday's communique is both modest and largely as expected. Indeed many of the communique's specific commitments had already been undertaken or foreshadowed in recent weeks. In the days immediately preceding the summit, most of the participants had cautioned public opinion against expecting too much from Bonn.

Energy

In some respects, however, the economic agreement does go a little further than expected. Mr. Takeo Fukuda, of Japan, has given a very firm undertaking to limit the volume of his country's exports and the extent of West Germany's commitment to a higher growth rate was in doubt until the last minute. President Carter has not spelled out the details of how he hopes to secure the passage through Congress of a "comprehensive" energy policy by the end of the year, but he has at least solemnly reaffirmed the programme's overall objectives. Italy's pledge to stimulate growth next year is a surprise addition to the package. The UK had long made it clear it would have little extra to contribute on the growth front.

The major departure from past summits has been one of style. The seven leaders have left each other much freer than in the past to decide what measures their national economies, and political situations, will tolerate. As Mr. Fukuda pointed out yesterday, there has been a lull in the strident hectoring of the recent past, in which Governments openly criticised the policies of others and urged them to do better. The new approach follows naturally from the decision to abandon rigid and usually unobtainable growth targets like those set by the Downing Street summit last May. While Herr Helmut Schmidt, the West German Chancellor, has been largely responsible for the demise of targetting, it must by now be obvious to most Heads of Government that the setting of over-ambitious objectives does more harm than good.

Herr Schmidt, however, seems to have had less success in persuading his colleagues of the merits of his new plan for European monetary stabilisation, worked out in consultation with M. Valéry Giscard d'Estaing, the French President. After blowing cold then warm towards the idea, Washington is now blowing cold again—possibly because it now realises that Herr Schmidt and M. Giscard d'Estaing are really serious about their proposals. President Carter and his officials in Bonn made it quite clear, like the UK, that they will want to study the details in much greater depth before committing themselves, and Mr. Fukuda also showed extreme caution. The principal American concern appears to be that the scheme could prevent the desired appreciation of hard currencies, while forcing deflationary policies on the weaker European economies. Mr. Fukuda is worried that it could lead to increased speculative pressure on the Yen.

Economic and monetary matters apart, the decision to step up the pressure in the international fight against terrorism is a noteworthy step forward. There has been much talk of the need for sanctions against countries that offer sanctuary to hi-jackers and terrorists, but so far little or no action. What is important now is that the seven Governments do not flinch from carrying out their threat to suspend air traffic connections with offending countries when they are confronted with the first test case. It would also obviously be helpful if as many Governments as possible can respond to Herr Schmidt's appeal to support the action by the seven.

Credibiliy

The Bonn agreement is not, of course, going to solve the problem of international terrorism—any more than the economic package is going to solve the world's economic and social problems. Of that the seven heads of Government are fully aware. Indeed, one of the more notable aspects of the summit has been a greater sense of realism than that, for example, which prevailed at Downing Street last year. The Heads of Government have refrained from setting themselves impossible objectives, while at the same time pledging themselves to much more determined efforts to ensure that those aims they have agreed will be met. In the face of such intractable problems, international summitry can best retain its credibility by not raising its sights too high.

Constraint of pay policy

THERE ARE sharp differences of opinion about the merits of pay restraint. Some people believe that in principle and practice it is likely to do more good than harm while others believe precisely the opposite. On both sides of the debate, however, there is general agreement that the degree of rigidity inherent in any pay policy which is likely to influence the climate of wage negotiations will breed anomalies and consequential inefficiencies in the allocation of resources. The longer that pay policies are maintained, the worse will be the anomalies and the more serious will be the inefficiencies.

Responsibility

At the beginning of the present pay round last summer, the Government endeavoured to provide some scope for flexibility by indicating that it would prefer to see pay negotiations conducted on a basis that would limit the national average increase in earnings to 10 per cent. It was, however, soon forced into imposing greater rigidity, both in its own role as an employer in the public sector and through its dealings with individual firms in the private sector, when it became apparent that 10 per cent had become the minimum level at which most groups of workers were prepared to settle. At the same time, to prevent the policy breaking down and to satisfy the claims of groups in the public sector for which the Government has a special responsibility, Ministers hit upon a formula under which an immediate 10 per cent increase would be followed by further increases to be staged over periods of up to two years.

This formula has now been used to settle the claims of a number of groups, including the firemen, the armed forces, senior public servants, and doctors and dentists. But it was first devised to deal with police pay. The committee of inquiry under Lord Edmund-Davies, whose report was published yesterday, had originally been appointed to review the police negotiating machinery following the withdrawal of the police federations after disputes over the application of earlier phases of the Government's pay policies. When a further dispute last autumn was accompanied by warnings from the Metropolitan Police Commissioner that Ministers were in danger of being faced by strike action — something which the police are forbidden by law to do — the Government offered to pay an immediate 10 per cent increase and to extend the committee's terms of reference to include pay.

The increases in pay averaging about 40 per cent and the re-structuring of pay levels which the committee has recommended are based not so much upon the idea of restoring comparability with other occupations but are intended to overcome the recruitment difficulties and serious problems of wastage which have been recently manifest and to offer a better career prospect for the long serving constable.

By insisting that the increases in police pay be phased, the Government may be undermining the potential benefits of the committee's findings for police recruitment.

The wider point, however, is the question of devising a flexible approach to pay policy which can accommodate the necessary adaptations to reality without a renewal of general wage-inflation. The Prime Minister has been talking of wage increases of around 5 per cent over the next year. If the Government is led into trying to apply this or any other figure in a manner which further compresses differentials and prevents adaptation to market pressures, the policy will contain the seeds of its own undoing. It has got away with it by making special cases of the police and other groups this time but the formula is unlikely to work a second time round.

WORKER CO-OPERATIVES

First tentative steps along a Spanish-style road

BY JOHN ELLIOTT

DURING THE past couple of years there has been a sharp change in the general attitudes towards worker co-operatives, which have not so far played a significant role in Britain's economy. The latest and most important evidence of this change has come in two recent developments. One is the creation, under new legislation, of a Co-operative Development Agency to help foster co-operatives, and the other is a decision by the Co-operative Bank to start helping to finance worker-funded enterprises.

Together these events could lead to a new generation of small worker co-operatives growing up in Britain, and at the same time enable the Co-operative movement to expand from its primarily consumer-oriented base.

The lack of past interest in co-operatives is the result of both political and practical factors. The main factor is that the Labour movement has concentrated on nationalisation as a means of changing the basis of industrial ownership and, on the trade unions for handling the affairs of the individual at work. This has left co-operation mainly to the wholesale societies and their High Street shops.

As a result there has been little or no trade union interest in worker co-operatives except when they provide rapid solutions to factory closure and redundancy problems.

On a practical level most co-operatives that have tried to start have failed through lack of sufficient finance and management expertise. On top of this, the experiences of the co-operatives at the Meriden motorcycle factory, the Scottish Daily News, and Kirkby Manufacturing and Engineering's Merseyside plant—all of which were saved from closure in 1974 during Mr. Anthony Wedgwood Benn's era at the Department of Industry—served to transform public and political opinion from a state of disinterest to one of opposition. The two survivors—Meriden and Kirkby—are still facing problems.

Now attitudes are changing. All the main political parties regard co-operatives with some favour, and several efforts are being made to help them. There are various reasons why this is so. First, there is the general issue of industrial democracy and employee participation which involves a debate about the individual's rights at work in relation both to management and the providers of capital. Some people, including the Liberal Party, like the idea of co-operatives because there can be greater worker influence without increased trade union power, and they regard the idea of workers owning and running their businesses as a primary way of reducing industrial conflict.

Next the growth of the "small is beautiful" fashion—and the current political interest in helping small firms—has concentrated peoples' minds on how small enterprises can be funded and organised. Then there is the interest—mainly in the Conservative and Liberal Parties in trying to nourish the concept of individual capital ownership: which can be achieved for employees either through profit-related share-ownership schemes or through co-operatives.

Moving further to the Left of the political spectrum—where there is more interest in collectively-funded rather than individually-owned co-operatives—the subject is sometimes seen as an alternative to traditional nationalisation. Mr. Norman Atkinson MP, the Tribunite treasurer of the Labour Party, said recently at the co-operative movement's annual Congress that "straight orthodox nationalisation," should be replaced by "forward-looking systems of co-operative self-management." Many of Mr. Atkinson's colleagues regard his remarks as somewhat far-fetched to put it mildly: but what he said does reflect a widespread disenchantment within the Labour movement with the central bureaucracies that run the nationalised industries. It should also be noted that one of three methods favoured by the Labour Party for taking the building industry out of the private sector is the creation of worker co-operatives. And of course the Prime Minister saw the political mileage this spring in helping the new Co-operative Agency's legislation through Parliament.

Two other recent events have also given the idea a boost. The increase in recent years of company failures and factory closures at a time of high unemployment has led workers facing redundancy to consider forming co-operatives. The Manpower Services Commission's job creation scheme has helped by spending £1.1m in backing what it calls enterprise workshops.

In all 33 of these co-operatives have been started, mainly in woodworking, plastics and similar trades. They have created about 300 jobs and, while only a few are likely to be viable enough to survive once the year-long job creation aid expires, others will probably be started in the future under the Commission's continuing special employment programmes.

The other event is the "discovery" of a community of co-operatives at Mondragon in the Basque area of Spain. Two years ago hardly anyone in Britain had heard of Mondragon where, over the past 21 years, more than 70 successful enterprises with a combined annual turnover in excess of £200m. and a labour force of 13,000 have been built up around a bank called the Caja Laboral. This bank takes in savings from the local communities and then invests in co-operatives which it also provides with essential managerial and other expertise. A report last year, funded by the Anglo-German Foundation for the Study of Industrial Society showed how such a bank could become the pivot of a community of co-operatives by filling the financial and managerial gaps that have bedevilled them in Britain.

The report aroused the interest of people as diverse as Mr. Jo Grimond, the former Liberal Party leader, Sir Arnold Weinstock, whose General Electric Company helped the Meriden motorcycle co-operative in its troubles 18 months ago, and Sir Arthur Sugden, chairman of the Co-operative Bank which is now tentatively taking the first steps along a Mondragon-style road.

Three main camps

At present the few British co-operatives fall into three main camps. First there are those born out of industrial failures—Meriden and Kirkby. These have sprung from the sit-in form of defensive worker reaction to imminent redundancy and, in fact, are only co-operatives in the sense that they are worker-managed: they are not worker-owned because they are mainly State-funded, often with workers having only a £1 nominal shareholding. The job creation enterprises also fall into this category so long as they are primarily relying on Manpower Commission funds.

Next there are about 20 older co-operatives embracing nearly 2,000 workers, mainly in the shoe and textile industries. With a turnover in 1973 of £5.6m, they are the sole survivors of those producer co-operatives formed in the latter part of the 19th century.

The third group is the most significant at present and is centred around an organisation called the Industrial Common Ownership Movement. It embraces 15 collectively-owned enterprises and has evolved from the initiatives of Ernest Bader who turned his own family-owned chemical concern in Northamptonshire over to a trust for his workforce between 1951 and 1963. Other entrepreneurs have, primarily for paternalistic or tax-avoidance reasons, taken similar steps in recent years and the reconstitution of old family concerns is regarded as a likely source of future co-operatives. But the main significance of the Movement is that it was given a fresh role by the Industrial Common Ownership Act, 1976, which emerged from a private members' Bill and was backed by the Labour Government. The Act gave the Movement £250,000 from the Department of Industry to spend in revolving loans to would-be co-operatives through a new organisation, Industrial Common Ownership Finance. So far £33,500 of this has been drawn and allocated to co-operatives.

The passing of the Act and the provision of the cash gave a new impetus to the development of co-operatives and has been accompanied by regional co-operative development bodies springing up around the country in the North, Scotland (where the Highlands and Islands Development Board is also experimenting with wider community-based co-operatives), and Wales.

This is the sort of activity on which the Co-operative Bank and the new Co-operative Development Agency can build. The agency will be charged under its chairman, Lord Oram, with encouraging the spread of co-operatives in general as well as worker enterprises.

To begin with the bank is taking a strict view of what constitutes a co-operative. As has been said, the Meriden type of business, being mainly State-funded, can only be called a co-operative because it is worker-managed. For some Socialists this is the ideal form of co-operative — and so fits in with the Norman Atkinson view — because it provides a form of State ownership and worker involvement without a central nationalised bureaucracy. But for many others it misses the main point. This is especially true for the Conservative Party which is interested in co-operatives providing they are not a form of helping dubious "lame-ducks" like Meriden or of introducing back-door nationalisation.

What these critics want is a significant personal cash stake to be put down by the workers involved. They also do not want outsiders having any influence within the co-operative because of the friction it could cause. At Mondragon in Spain workers invest up to £1,000 each, sometimes borrowed and then repaid out of wages, and the Caja Laboral Bank then doubles the proceeds. The Spanish Government also provides some funds.

Taking up this idea, which it has studied, the Co-operative Bank says that all, or nearly all, the workers in a venture should be shareholders putting up £500 to £1,000 each. The bank would then double the amount with three-to-seven year loans at favourable rates up to a £25,000 ceiling. Because most co-operatives start with about eight to 20 people, the bank envisages that most of its loans will be nearer £5,000 than £25,000.

Many workers may have problems in finding their initial stake (unless they have just received a big redundancy lump sum payment).

But the Co-operative Bank seems unlikely to be prepared to water down its criteria, or change the amounts it is prepared to lend, unless a future Labour Government introduced a State guaranteed scheme to safeguard its loans. Such an idea is unlikely to appeal to a Conservative Government. The bank says that its current rules about the workers' financial involvement are essential to balance the risk it will be taking with its loans. This is because the rules provide a high personal worker-commitment to the enterprise.

Another problem to be faced by the bank is that it does not at present have the sort of analytical and industrial managerial expertise that it will need to identify prospective winners and losers, especially when such a judgment means deciding not only whether a product is viable but whether the would-be co-operators can survive together for long. It is therefore likely to send applications for cash to various co-operative and other concerns where their viability can be tested, and their problems ironed out.

Life will therefore not be feather-bedded for would-be founders of industrial co-operatives. Nor will the traditional problems of conflicts between the interests of capital, management and labour vanish overnight. All concerned in the new initiatives are determined that, as Mr. Alan Williams, Minister of State for Industry, has put it, with Meriden and Kirkby in mind: "The co-operative form of organisation should not be seen as a way of rescuing industrial disasters." This is because they want to make a success of their chance to show that workers' co-operatives could provide an alternative pattern of ownership for parts of British industry.

MEN AND MATTERS

How to go asset ripping

Two men on a public bench in the forecourt of the Bank of America, across the road from Bracken House, were yesterday morning busily destroying 200 copies of the Financial Times. Strolling over, I discovered that they were not ripping up the entire paper, but just tearing out a piece. Hopes that they were ardent collectors of this column were soon dashed: George Shepherd and his son Gary from Harrow were flicking straight to page 35, to extract the share application forms placed by Hill Samuel for Ernest Jones (Jewellers) Ltd.

"It's a bit like the horses," explained Gary, a postman, as the unread but processed copies of the FT piled up on the pavement. He and his retired father have been tearing up papers for years. Working on the assumption that most applications are oversubscribed and put out to ballot, the Shepherds reckon that as "private investors" the more forms they fill in the better their chance of getting a slice of Jones the Jewellers. On offer are 1.5m shares at 115p each, with a minimum application on each form of £200.

The Shepherds laid out £30 on their 200 copies of the FT; they see it as a fair gamble, hoping to cover the outlay if only one application form proves lucky, and much better if two or more hit the jackpot.

They rely, of course, on the issue being successful and on the small application being favoured over the institutional one. It is also one thing gaily to tear up papers on a summer's day, but quite another to complete all 200 application forms.

"How about an exotic fortnight at Heathrow, Gatwick or Luton?"

Poetic licences

If the many Brazilians applied the wit to promoting exports that the few apply to tricking the authorities it would be, as 1066 and All That says, a good thing. But instead, 1978 is proving to be the year of the "con job." The current estimate is that so far $170m has been spirited out of the state's coffers as tax rebates on phantom exports. The fact that a special division of the Treasury controls all export transactions has not prevented 230 "exporters" in the Sao Paulo area alone from shipping old bricks in crates marked as shoes: friendly crews then dump these into the sea. Their other conjuring tricks include preparing crates of machinery which, before you can say lathe turn out to be empty.

Another ruse exposed in the local press is now being investigated by the authorities. This led to the state being swindled out of an estimated $10m of credits for fertilisers and machinery which never were.

But it is the exports which are where the real fantasy has been evident—not least in the case of the company which ostensibly switched from screws to saucepans and then told the export bureau that it had an order for 9m saucepans from neighbouring Uruguay. That would have been quite a coup; it would have meant three pans for each Uruguayan man, woman and child.

For 1976 the estimate for fraudulent export rebates is $56.5m, which shows that even if the Brazilian authorities cannot catch this golden goose, many Brazilians know how to make it lay.

Numberless

Rarely has a court been so deluged with advice as was the Federal District Court in Minnesota about a case which can go down in history as a rare victory over the demands of the ever-encroaching computer.

The case, in re Dengler, was brought by a man who wanted to change his name to a number. In an age when American Express cards run to 15 digits, Dengler's demand was modest enough. He wanted to be known as 1069.

Some of the people whose letters poured in thought it was a "bright, creative and intelligent idea" or that democracy should allow individual choice.

But the court was not convinced. It admitted that the use of digits to identify people was "not uncommon in our computerised and bureaucracy-laden society." On the other hand, it recalled the dark days of the branding of concentration camp prisoners and found that to impose numbers on society is "an offence to human dignity and inherently totalitarian." It would also, the court found, "provide additional nourishment on which the illness of de-humanisation is able to feed and grow to the point where it is totally incurable." Perhaps the Department of Transport might take note. Our driving licences now have six letters and 24 digits to identify them.

Moscow mirror

A new monthly magazine, Religion and Freedom, has just sold out its first issue: this is in large part a reflection of British anxiety about the heavy sentences imposed on Soviet dissidents Schcharansky and Ginzburg. The editor of the new magazine, David Kelly, is a former Reuters correspondent and has a feel for topicality, but he never expected events in Moscow to be so closely mirrored by his first number. Four major articles examined the conflicts between communism and freedom. Kelly was also gratified to be carrying an advertisement for the Moscow-based journal Soviet Union: ironically enough, it was headlined "A Closed Society?"

Although Kelly is a Catholic, he is insistent that he is not trying to proselytise. His next issue will carry a report on differences of opinion between Jewish groups in Moscow. While delighted in selling out his first 10,000 copies, he will keep editing the magazine from his Greenwich home — and maintain his links with City stockbrokers Laurence Prust, for whom he does research. "Starting a serious magazine these days is not the most obvious way of growing rich," he admits.

Observer

FINANCIAL TIMES SURVEY
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Birmingham

The task of halting the rapid loss of jobs and people from Birmingham is seen as so important that the city has been chosen by the Government for one of its special initiatives under the recently expanded urban aid programme.

Battle to halt the decline

By Arthur Smith
Midlands Correspondent

BIRMINGHAM, BRITAIN'S second city, is the first to have drawn up a comprehensive action programme to tackle the problem of its declining inner area. It must move quickly if it is to halt the drain of jobs and people from the centre of a city, which less than a decade ago was the symbol of the nation's prosperous motor industry.

The rundown has been rapid: since 1971 jobs, most of them in the traditional manufacturing industries, have disappeared from the central area at the rate of more than 10,000 a year; population has declined by more than 11 per cent to 291,000, and surveys suggest that unemployment is more than twice the national average at 15 per cent.

"We cannot claw back the 30,000 jobs we have lost in a five-year period, but we must act to halt the exodus and at least retain employment at present levels," says Mr. Graham Shaylor, the city's planning officer and the man charged with the daunting task of reversing the trend.

Mr. Shaylor heads up the handful of officers seconded to prepare material for the Birmingham Partnership Committee. The partnership concept was devised by the Government under its recently expanded urban aid programme to push through revitalisation in the eight parts of the country where the problem was considered most severe.

Seven Ministers, each representing their individual Government Departments, sit on the Birmingham Committee, which is chaired by Mr. Reg Freeson, the Housing Minister. The leaders of the Birmingham City Council and West Midlands County Council also attend along with representatives from other public bodies, such as the regional health authority.

The committee's role is to coordinate the efforts of the various public agencies towards a common goal and, with the limited funds at its disposal, complement the activities to give a new impetus to the task of regeneration. It has no executive powers: implementation of recommendations is the responsibility of the individual authorities; persuasion is the only weapon upon which the committee can depend.

To underline the fact that the committee is merely an ad hoc arrangement Mr. Shaylor's team has deliberately been kept to the minimum, with officers from the constituent authorities called upon to make contributions whenever necessary. Whitehall must tread carefully to avoid the charge that it is creating another body to encroach upon jealously guarded local authority powers and responsibilities. Equally, all members of the partnership are anxious to make it clear that they are not introducing another layer of bureaucracy into the already confused pattern of local government.

Birmingham may have worked at a frantic pace to draw up the partnership programme, but Mr. Shaylor is under no illusion that the headaches are only just beginning. The easy part is over; now the real work must start.

Alarm

The city was one of the first to raise the alarm about the disturbing and accelerating decline of inner urban areas and its representations were certainly a factor influencing central Government to place new emphasis upon such problems. Birmingham was quick to realise that it had become the victim of its own success in the post-war period. In the boom years of the motor industry the city suffered from labour shortages and excess demand; there was a logic to the Government's regional policy of encouraging firms to move to the new towns and development areas in order to prevent overheating of the midlands economy.

Ironically, the drift away from the central area was accelerated by the City Council's ambitious slum clearance and road building programme. Redevelopment schemes took people to better housing in the suburbs but also removed the small back street premises that had acted as the seedbed for new firms and activities. The massive new highways that cut a swathe to the centre of Birmingham to make it so distinctively a car-oriented city left in their path pockets of dereliction and undeveloped sites.

CHANGE IN EMPLOYMENT IN THE BIRMINGHAM PARTNERSHIP AREA 1971-76

Type of Industry	Change in Employment 1971-76 Number	Per cent
1. Vehicles	−14,962	−28.9
2. Metal Manufacture and Metal Goods Industries	−16,545	−19.8
3. Mechanical and Electrical Engineering	−11,962	−22.3
4. ALL MANUFACTURING	−53,293	−22.5
5. Construction	− 3,982	−14.1
6. Services	+ 5,011	+ 2.1
7. Agriculture, mining, etc.	− 209	−69.0
TOTAL ALL INDUSTRIES	−52,473	−10.4

Source: Department of Employment.

POPULATION CHANGE 1971-76

Area	Resident Population 1971	1976	Population Change 1971-76 No.	%
Core Area	329,200	291,800	−37,500	−11.4
Rest of Birmingham District	767,760	770,000	+ 2,240	+ 0.3
Birmingham District Total	1,097,060	1,061,800	−35,260	− 3.2

Source: Central Statistical Office, City of Birmingham.

—The population of Birmingham's "core area," which has the most acute social and housing problems and where the old and declining manufacturing industry tends to be located, fell dramatically from 455,000 in 1961 to 291,000 in 1976—a drop of around one third in just 15 years.

But the migration has not been balanced. Those left behind tend to be on lower incomes. Not only is there a problem of unemployment but also of a disparity between the jobs available and the skills of the local residents. A sample household survey conducted by the West Midlands County Council in 1976 suggests that around one third of the core area population consists of New Commonwealth born people and their dependents.

Work is already underway in advance of the partnership programme to tackle the central economic problems. Some £2.5m was made available in the current year under the Government's urban aid scheme, while another £11m was provided from the Chancellor of the Exchequer's £100m allocation to stimulate the building industry. About £4m is being spent on erecting small factory units and refurbishing existing premises.

The partnership authorities confess that in the time available to draw up their strategy the emphasis had to be upon action rather than further analysis of the problems. The aim is merely to stabilise rather than expand employment, to promote new industries rather than attempt to re-create the old ones.

Organisation is seen as critical to the whole exercise. The committee is emphatic: "However well thought out the individual components of the programme, if the existing agencies in the parnership area cannot change their policies and their attitudes and work more closely with the private sector and voluntary bodies, then economic regeneration will not come about."

The Government has approved spending of £10m a year for the period April 1979 to 1981 to begin what is envisaged as a ten year exercise. Initial effort will be concentrated on a limited number of key areas: Handsworth and Sparkbrook, where social problems are most acute; Deritend, Duddeston and Saltley, where there is scope for encouraging industrial growth; and Small Heath where it is thought a modest injection of funds could stimulate self-sustained economic revival.

The committee believes that it is important not only to act but to be seen to be acting. Projects will be sought which bring quick results so that people can see the improvement taking place. The object is to raise confidence and create the sort of climate where the private sector is also prepared to commit resources. Clearance of derelict sites and renovation of dilapidated buildings can have a beneficial effect which far outweighs the cost.

The local Birmingham politicians, who have been loquacious critics in recent years of Government regional policies which divert the growth industries to the assisted areas, are conscious that the problem also exists closer to home. There is a recognition that if the central area is to be promoted then growth in other parts of the West Midlands conurbation may have to be restrained or at least delayed.

Limited

The partnership committee has also squared up to the fact that because there is very little mobile industry, the employment which will flow from attracting new firms to the area is limited. More promising is thought to be the encouragement of existing companies to consolidate and expand their activities. Particular attention will be paid to the small firms which at present account for 80 per cent of employment in manufacturing industry in central Birmingham.

The city, known as "the town of 1,500 trades," also intends to draw upon its tradition for innovation, invention and home-grown entrepreneurs. Support will be given to research and development initiatives and for closer links with the local universities and polytechnics.

The approach of the partnership committee is certainly imaginative and fairly comprehensive and the different agencies seem to have found a working relationship. But implementation will provide the real test.

The fact that a partnership committee has been created at all seems a severe criticism of the reorganisation of local government pushed through so painfully just a few years ago. Revitalisation of the inner area is a task so fundamental to the City Council that the need to form an ad hoc committee outside the framework of local government must pose questions.

Neither Conservative nor Labour leaders of the city or metropolitan councils are satisfied with the present division of functions and responsibilities in a two tier local government structure. Birmingham, with a population of more than 1m, seems too big to be treated as just another district council.

Even with the same political party in control of both authorities, there is room for friction. Against such a background there will be considerable suspicion about the role of an ad hoc committee.

The position is further complicated by the difference in outlook between the local Conservative councils and a Labour Government. The problem for the local politicians, with their commitment to market forces, is the extent to which they should follow what they regard as the interventionist approach of a Socialist Administration.

The real test has yet to come of whether the partnership committee can resolve the apparently conflicting interests of the various agencies and command sufficient authority to press through what is an ambitious programme. Progress at Birmingham will be a key pointer to the success or otherwise of the latest Government initiative to regenerate Britain's declining inner urban areas.

Car crisis remains

THE PERENNIAL crisis which Birmingham has lived with in the motor industry for the last four years shows no signs at *present of going away. Having* changed its management once in 1975, BL — the old British Leyland — has now changed it again. In the process its organisation has been totally shaken up and a whole new set of ideas brought to the question of trying to make it profitable. No-one as yet can say whether *these will stop the rot and* establish a base, albeit smaller than in the past, from which BL can consolidate its position in world markets.

The main lines of the impact which the Leyland revamp will make on the Birmingham area are already clear. The two divisional companies for the car operations, Austin Morris and Jaguar Rover Triumph, will both have a very large preponderance of their activities in and around Birmingham. The Longbridge plant, employing upwards of 20,000 men, will be the site for the new Leyland small car; and Solihull, the Rover headquarters, will be the main site for luxury car assembly, along with production of the Land-Rover and Range Rover models.

Each of these groups of car activities will be run separately by their own management teams, although the BL Cars holding company will have a co-ordinating role. The intention of this new structure is to make *each of the main production* areas much more clearly accountable. Manufacturing is to be brought closer to marketing, the old marque names revived, and individual plants to be given their heads to make a profit. At the same time, the clearer identification of profitable areas which will ensue will *— at least in theory — make it* easier to prune out the poorer performers in the BL empire.

Underlying this purely structural manipulation, there is, therefore, an important commercial objective. This is to improve efficiency and productivity, and with it the profits record. The clear implication of this, however, is that there must be changes in manning, and changes also in working practices. The new Leyland management has made it clear that it regards these areas as priorities in its battle to make the company viable.

Already there is a programme at Longbridge to reduce the workforce by about 3,000 and in the longer term it is difficult to see virtually any of the BL plants being able to sustain their present levels of employment in the face of keen international competition on productivity. The Austin Morris plants *in particular lie close to the* bottom of the world league in productivity, and need at least to double output per man to put themselves on a par with their European competitors.

The indications are that the *new BL management will pro*ceed on a wide front to improve performance.

First, it has already put behind it the method of investment freeze threats as a means of persuading the workforce to stay at work and improve performance. Mr. Michael Edwardes, the new chairman, has made it clear that he does not believe that such methods work—they are too remote, and too secondary to the immediate task of managing and running the factories.

Pruning

Instead of this, BL has openly declared its intentions of pruning the organisation and pushing through tough commercial decisions by closing the Triumph factory at Speke in *Liverpool. This is distant from* the operations in the Midlands, but it is a sign of the way decisions will be taken, and there are probably other, small workshops in the Midlands which will eventually be cut out as well.

The Speke closure meant a workforce reduction of 3,000 at *one stroke. But a further slim*ming, particularly in the strong unionised area of the Midlands, the heartland of the BL group, will be more difficult. The company is now making a tentative effort to move towards a situation in which it has more flexibility to operate by moving ahead with negotiations on new *incentive schemes. These could* open up the possibility of extra production-related payments, and at the same time could give the opportunity to re-open bargaining on manning levels. At the group's annual meeting recently, Mr. Edwardes re*marked pointedly that* he believed that the ability to earn extra money could provide a great stimulus to the workforce in the BL factories. It could certainly be a means of breaking the present deadlocks which have led to a virtual ossification of the present systems.

Alongside these moves on the *labour front, investment is also* planned to play an important role in revitalising the Midlands base.

More than anything else, heavy capital investment has been the driving force in the motor industry of the most successful countries—Japan, for example, is still forging ahead *with big new projects which* will streamline its factories still further. BL has faced two problems on this front, first getting the right manning level for the level of mechanisation, and second, raising the funds *for the investment* in the first place. Some of the Midlands factories are ill-equipped in *comparison with significant* world competitors (although this is in no way true of the Rover works) and need new machinery and plant to push them into the new generation of vehicle production technology.

In this respect, the Birmingham area is receiving two very large *injections of Government*-funded finance.

The first of these projects will be at Longbridge, where investment is going ahead into the new small car project which will eventually give the company a vehicle to replace the Mini, although of a somewhat larger size.

Injection

When completed, the project *will involve the injection of* some £280m. Although not all of this will be going into the Longbridge production lines, it will embrace a new body welding hall which is currently being constructed, and eventually a significant reorganisation of the assembly facilities. In addition, there may be new engine-making facilities, *following the* recent £38m investment in the manufacture of the new O Series engine which goes into the Princess and is designed for other models as well.

Solihull, the other main site *for new capital investment*, has already had a significant injection over the last few years. This *was for the new Rover* model range, which encompassed a total investment of about £100m, of which almost £30m went into the new assembly and paint halls at Solihull itself. Without question, this is one *of the finest car production* facilities in the world, greatly admired by BL's competitors.

Now the company is planning to go one step further with another, very large scale expansion on the site to develop the Land *and* Range Rover models. It is planned to spend some £240m on this project, which will more than double the present output of these vehicles from 50,000 units a year to up to 130,000 and perhaps more eventually. This will coincide with a considerable development programme on the Land Rover, which is still essentially the same vehicle as the original designed 30 years ago.

These investment programmes could ensure a stable *future for* the Midlands industry if Leyland manages to pull out of its *present trough. In the Solihull* area, output will be going up, and the new small programme would at least, if successful, stop the slide in production at Longbridge. Alongside these developments would go all the peripheral investment in body, engine and transmission parts which would give additional business to the Midlands.

But there still remains an enormous risk that Leyland could be pulled further into its vortex of decline before these products and expansion programmes bear fruit. It needs *new cars to revitalise its image,* and it needs new investment to revitalise the factories. But in the meantime it has to improve *on the present sluggishness in* investment, and to retain its sales at a reasonable level.

Terry Dodsworth

Components make a major contribution

BIRMINGHAM IS at the centre of the UK's biggest subcontracting area. It has a world reputation for being able to turn its hand to almost anything, evidenced by the 1,500 different trades that are carried on *within its boundaries.* While the range of product is of rainbow proportions, from buttons and badges to aerospace control systems, the bulk of the output goes into the transport industries.

As a major centre of the car industry the bias is understandably towards this sector, but *production covers all forms,* from bicycles and go-karts to ships: many of the berths and much of the hospital, catering, and more technical equipment originates in the city. In the larger companies it is not uncommon to see quite disparate items for the motor and general engineering industries being *run in double harness, so to* speak, either as part of a policy of deliberate diversification or through the application of similar skills to new products. This wide-ranging, enterprising attitude is what gives Birming*ham the industrial virility and* competitiveness that has in the past so effectively helped to protect it from the worst impact of recessions.

Decline

But it was inevitable that in the post-war heyday of the British motor industry, before what became British Leyland started on its long decline to a state-dominated concern, when *Rover, Standard - Triumph,* Austin-Morris, Jaguar, Guy Motors, Daimler and others were all competing fairly prosperously, that demand for between 2,000 and 3,000 different items, from fasteners to *tyres and cylinder blocks,* should draw in an increasing number of suppliers.

With vehicle assembly lines drawing roughly two-thirds of their requirements from general and specialist suppliers the expanding market was far too big to be ignored. Birmingham (and Coventry, too) got rich on *the back of the industry and* companies like Dunlop and Lucas, which had followed, and sometimes preceded, the motor industry's post-war export drive, began to develop worldwide networks. A combination of thrusting competitiveness, high technical quality and marketing expertise has stamped the names of Birmingham-made motor components and accessories across the world.

The history of the transport industries is studded with names that are household words far beyond Birmingham, *where* they have their headquarters or major plants. These include Tube Investments, GKN, Triplex, Burman, Birmid Qualcast, Lucas and Dunlop. Dunlop was among the first into Europe, opening a tyre plant in Germany well before the First World War. Its tyre manufac*turing* headquarters at Fort Dunlop, in north Birmingham, was until the early 1960s asso*ciated with land speed records.* Four or five years ago it withdrew from Formula I racing to concentrate on more mundane developments for rallying and saloon and sports car racing, while not by any means ignoring items like tractor tyres. At Fort Dunlop nearly 8,000 are employed making a wide range of tyres from go-karts to earth-moving equipment at £9,000 a tyre.

Across the other side of the *city Triplex is building a £10m* plant planned to come into production by the end of the year to *meet* the demand *for* its brilliantly conceived Ten-Twenty advanced windscreen that combines the virtues of laminated and toughened glass. First used on the Rover, it is now also on the new Princess and the new *facilities* will mark its entry into much wide markets.

At the midway point between these two very different leaders in the components field is a *third,* Lucas, *whose head*quarters are only a stone's throw from the city centre. Not only is Lucas in the forefront of more conventional products, but it is preparing *for* the years ahead when oil will no longer *be able to provide all the needs* of the growing transport industry. The group is intensively pursuing the development of electric vehicles, concentrating on vans and trucks, and claims to be among the world *leaders in the development of* control systems for battery operated vehicles and of lead acid batteries.

A fourth, Hardy-Spicer, not far from Fort Dunlop, illustrates yet another aspect of the way *in which Birmingham com*panies are helping the British component industry to keep ahead of worldwide competition. In collaboration with other GKN specialist companies it has developed lightweight alloy and *carbon fibre propeller shafts* expected to play a prominent part in the drive, especially in the U.S., to lighten vehicles so that they will use *less* fuel.

Since the first tentative large-scale attempts to develop export markets—largely as the result of the failure of the U.K. motor industry to expand and its more *recent abject failure to defend* its home market—component makers have come to dominate world markets and are the UK's biggest exporters of manufactured goods, in addition to having established sub*sidiaries or joint venture* companies in Europe, America, South America, and the Far East. All the major European vehicle producers have permanent purchasing offices in the UK. One of the biggest, and oldest, is Volvo, whose office is in Birmingham. It keeps contact with 225 British suppliers which *last year contributed some* £70m worth of products, bringing the British content of the Swedish made vehicles to 35 per cent. Volkswagen, the German giant, spends nearly £15m, and Renault, BMW, Fiat and others *incorporate significant amounts* of British designed or made components.

Adverse

Last year overall exports of components and accessories rose yet again, to £1,638m, to help offset the adverse balance of trade in cars (exports £752m, imports £1,300m). This was a magnificent achievement, but *the high rate of imported cars,* up to every other one sold in the U.K. in some months, is sucking in component imports. This is especially so as far as Japanese cars are concerned. Concessionaires and franchise *holders are attempting to limit* replacements to the home-grown product, but in some instances British-made parts have been or are being substituted.

The result of the rising scale of imported components, up 40 per cent in 1976 and again by almost the same percentage *last year to £770m, has been* to eat into the lead established by exports for the first time in a decade. This narrowing of the surplus of exports over imports is expected to continue. Mr. Alan Williams, Minister of State for Industry, warned recently that if the 1977 rate of increase of imports continued the motor industry could become a net importer of components in five years. He rightly underlined the importance of this sector of the industry's role in the country's balance of payments, making a *net contribution of £700m a* year. But the prospects are chilling.

It had seemed that the firmer control that BL's new chairman, Mr. Michael Edwardes, was exerting would mark a turning point in its fortunes. But the recent Rover strike does nothing to encourage that view. Stoppages at component companies in the Birmingham area have also been to blame *for the poor showing of the* motor industry.

About half the 200,000 employed in the motor industry supply factories work in the Midlands, a high proportion of them in Birmingham. It is clear that the prospects of *settled* employment for very many Birmingham workers crucially depends on a concerted effort by the motor industry and its suppliers, especially until the tractor industry returns to full-time working.

Peter Cartwright

Labour problems could lie ahead

BIRMINGHAM'S EMPLOYERS are apprehensive about what *will happen to wages when the* Government's Phase Three policy of pay restraint runs out at the end of this month. The mood is considerably more relaxed than 12 months ago when there were fears that the autumn pay round could herald a wages explosion. Many personnel directors will confess in *private to relief and mild sur*prise at how well pay problems have been contained.

The single event which did most to undermine the campaign by militant shop stewards for a return to unrestricted free collective bargaining was the "we want to work" revolt by workers at BL Cars' Longbridge plant, Birmingham, last August. The leading shop stewards called for an all-out strike in support of their pay claim but were unable to carry the full membership. One in three of the workers voted *against action* and, *following* protests and marches round the factory, the strike was abandoned.

That defeat for the militants was symbolic. Leyland workers *in Birmingham are the tradi*tional pace setters in local wage negotiations. More than that they had been the most vociferous in their opposition to pay restraint. The fact that the Longbridge union leadership could not command the backing for action forced shop stewards in plants throughout *the city to have second thoughts* about their own position.

Successes

Not even the well-publicised bargaining successes on behalf of lorry drivers by Mr. Alan Law, a Midlands secretary of the Transport and General Workers' Union, prompted the flood of high level pay deals that many feared. Mr. Law claimed one 35 per cent wage increase and declared that none of his 11,000 drivers would settle for any*thing less than 15 per cent on* basic pay.

It is always the exceptions that make the *headlines.* Certainly within Birmingham's *important engineering industry* there is the belief that most employers managed to conclude agreements that fell broadly within the Government's 10 per cent pay guidelines. Obviously, there is always the problem of the smaller firms, out of the public eye, who are able to ignore the official guidance or escape the full rigours of the policy by devising special payments or offering perks. However, there have been no real complaints from companies that labour is being poached or any *indications* that people are switching jobs rapidly as the way to raise earnings.

Many shop stewards have pressed for bogus productivity deals as the easy way to side-step controls but there is little evidence that managements have succumbed. Companies faced with difficult markets and *the need to hold costs do not* have the margin to make concessions.

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Industrial pessimism

BIRMINGHAM businessmen have come to terms with the fact that the significant upturn in the local economy for which they have been hoping for the past two years is unlikely to materialise. Output is expected to remain fairly constant for the rest of the year and there is little optimism for the period beyond that.

There have been so many forecasts that the local economy was about to take off that reports of improvement are treated with considerable scepticism. Mr. Eric Swainson, managing director of IMI and chairman of the West Midlands region of the Confederation of British Industry, says that companies are reporting a slight improvement in the order book for home and overseas. But he adds that there is no strong confidence that the apparent increase in activity can be sustained.

The performance is fairly mixed with sectors such as electronics, handling equipment, hardware, building and some domestic appliances, showing an improvement. But the city's industry does not seem to be benefiting from the recent upsurge in consumer spending, says Mr. John Warburton, secretary of the Birmingham Chamber of Commerce. He reports that business confidence is depressed when compared with the end of last year.

In a city where it is estimated that up to two-thirds of manufacturing is dependent in some way upon the vehicle industry, the performance of the UK car makers has an important effect upon the local economy. The influence of BL Cars is difficult to exaggerate: apart from the fact the company directly employs 45,000 people in Birmingham, its problems or otherwise are the talk of the area and a factor helping to determine business confidence.

Several weeks of continuous high output from BL can set the Birmingham economy moving, with demand feeding back through the components, metal and foundry industries. Hopes were high at the beginning of the year that Mr. Michael Edwardes, as the new BL chairman, might be able to deliver the goods. In reality production has been poor, particularly at the Longbridge plant, Birmingham, where the company is having to import Minis from Belgium to meet the shortfall.

Management efforts to change manning levels at Longbridge to move productivity levels closer to those of Continental competitors have so far reduced output. Production at the Rover plant, Solihull, has also been disrupted by industrial relations problems. The strike by 80 internal transport drivers in protest at the sacking of a shop steward, brought the factory to a standstill.

But the problem facing the Birmingham companies serving the motor industry is wider than just BL. In the first six months of this year output by UK car manufacturers rose, from 701,000 units a year ago to 723,000 units, but not enough to counter competition from imports which captured nearly half the market last month. Mr. Swainson says that CBI members found it "quite galling" to read that 1978 was likely to be a record year for UK car sales and yet get no direct benefit.

Unrest

Whether and how quickly the situation improves will depend upon the success UK manufacturers have over the next few months in dealing with their industrial relations problems. In Birmingham there is little optimism that there will be any improvement. Suppliers have a wary eye, for example, on the situation at Chrysler UK where there is considerable unrest over pay differentials at the Coventry plants and assembly at the Linwood factory has been at a standstill for several weeks because of a strike by painters.

Against such a background, the drive by motor components suppliers to reduce their dependence upon the UK industry and expand export sales is understandable. Such diversification has proved easier for the large companies, like Lucas and Guest Keen and Nettlefold. The success of such efforts in recent years is indicated by the fact that the car components sector is one of the few that appears to be looking for a modest growth in output over the next 12 months.

Birmingham's general engineering industry, noted not only for its skills but also the wide range of products manufactured, has recovered from the low point of a couple of years ago. But the picture is very patchy and most companies are still operating at only around 80 per cent of potential.

A recent survey of industry in general conducted by the West Midlands Chambers of Commerce, suggested that less than a quarter of firms were working at full capacity and nearly one third at only between 60 and 80 per cent. The same study also confirmed that investment is likely to remain fairly constant, although there were indications that some companies were bringing forward plans for spending on new plant and buildings.

Given the extent of spare capacity and the generally uncertain outlook, it is understandable that what investment is taking place is mainly to replace outdated plant and to improve productivity. The implications for employment are serious.

Birmingham as a city which for two decades had taken full employment for granted has now come to terms with the fact that it can no longer expect to enjoy such a privileged position. The level of jobless has fallen back from the highs of a couple of years ago and currently stands at 5.8 per cent, compared with the average for Great Britain of 5.9 per cent.

Prospects for a further improvement are poor. Few companies are considering taking on new labour and sectors where manning levels are expected to fall include Birmingham's traditional trades of machine tools and foundries. The Birmingham Chamber of Commerce has led the local campaign against the provisions of the Employment Protection Act which, it is maintained, inhibits companies from recruiting labour.

There is also concern about the continued problem of shortage of skilled labour. Birmingham has always suffered in times of expansion from an insufficient pool of the right type of labour. But the problem has been exacerbated by several years of pay restraint which has eroded differentials and contributed to the drift of skilled workers out of industry. The present modest levels of output mean that shortages are not yet proving a serious constraint upon production, but workers in particular demand are toolmakers, setters, fitters, plater welders and design engineers.

One area where BL Cars is providing a direct stimulus to the local economy is on the spending programme now in progress to manufacture a new small car at Longbridge. Buildings for the £280m. project are already underway and orders are being placed for the sophisticated machine tools and equipment.

The other BL project which could bring considerable benefit to Birmingham is the £240m plan to double output of the successful Land Rover and Range Rover models at the Solihull plant. The company has said the go-ahead is conditional upon full support for the ambitious scheme from the local workforce. However, the first £25m. of the programme has been authorised in order to purchase equipment for which there is a long delivery period. Without such action the whole programme would have been threatened with delay and speed is vital if Rover is to meet the challenge in international markets.

Continuity in BL's spending programme is important to Birmingham. The company has told the machine tool industry, for example, that it plans to invest around £40m to £50m a year over the next three years on such equipment. Orders at such a level will be welcome to an industry recovering from its deepest post-war recession and increasing competition in world markets. There is a considerable variation in the performance of companies in the sector but spare capacity is currently running at around 30 per cent.

Foundries

Another depressed sector is the foundries. Hopes of less than 12 months ago that demand was picking up have not been fulfilled. The vehicles industry has not moved ahead as strongly as hoped but the main cause of gloom is the weak demand from the tractor industry. Massey Ferguson, at nearby Coventry, has been the principal victim of the downturn in world tractor markets and the effects are being felt in Birmingham.

The foundries have taken full advantage of selective assistance made available to the industry by the Government in order to modernise facilities and improve productivity. However, there is still considerable uncertainty within the sector because of the failure by BL to announce details of its foundry investment plans. The State-owned concern is not only an important customer but also a major supplier of castings.

The foundries provide a good example of how Midlands companies have looked to exports to compensate for fairly depressed home markets. International competition in sectors like castings, metal products and machine tools is fierce. Birmingham industry in general is looking for a small increase in the volume of exports this year but this could be at the expense of profit margins.

Exporters complain that they are becoming less competitive on price and hope that the external value of the pound will not decline. The hope is for a period of exchange rate stability so that contracts can be entered into with greater confidence.

On the general outlook for Birmingham industry, the Chamber of Commerce pinpoints productivity and the rate of inflation as the two factors of most concern to local businessmen. There is obvious uncertainty about the future but the mood is not one of gloom. Industry is resigned to the fact that perhaps rapid growth may not be around the corner, but there is a determination to take full opportunity of the markets that are available.

Arthur Smith

Labour

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They are, however, prepared to pay out, and quite generously in return for genuine increases in output. The problem of motivating workers in a period of inflation when marginal earnings are heavily taxed is recognised as serious. Many companies are examining or seeking to implement some form of incentive scheme.

One factor which has undoubtedly contributed to moderation in pay deals is the fear of unemployment. While social security may resolve the immediate hardship from the jobless workers are conscious that it might be difficult to find satisfactory employment quickly. An example that employees may consider job security preferable to higher earnings is provided by one of Birmingham's big companies. Management put a productivity deal on the table but pointed out to shop stewards that because of depressed demand, the consequence would be a reduction in manpower. The offer was rejected.

It should be remembered that Birmingham, though traditionally an area of prosperity, does have an employment problem for the unskilled, particularly in the inner city area. Birmingham's unemployment currently stands at 5.8 per cent compared with the average for Great Britain of 5.9 per cent.

Apart from uncertainty about employment, there is another important reason why rank and file members do not appear to be supporting the outrageous pay claims of the militants: for many workers a 10 per cent wage incerase was regarded as good. The official statistics indicate that in recent months earnings have exceeded prices and this is certainly reflected in the mood of the shopfloor.

Full-time union officials are also anxious not to rock the boat when an October General Election seems increasingly likely. Mr. Terry Duffy, who represents the city on the National Executive of the Amalgamated Union of Engineering Workers, was recently elected President after fighting a campaign in which he stressed the need to support a Labour Government in achieving a rational pay policy.

Concern

An issue which is of concern to union leaders in the Midlands is the extent to which pay is determined centrally by national negotiations—a trend which can lead to frustration and low morale at plant level. Shop stewards committees which have direct responsibility for pay taken out of their hands may turn attention to other things. A growing number of disputes in Birmingham factories have centred not upon pay but upon other grievances. Perhaps the best example of this was the strike by 80 internal transport drivers at the Rover plant, Solihull, who walked out in protest at the sacking of a shop steward.

Employers are also conscious of such problems but remain committed to the belief that some form of central guidance is necessary on pay. Many companies would like to escape from the rigidity of pay norms but fear that for the Government to release the reins too much would lead to a return to the dangerous round of inflationary settlements of just a few years ago.

The position was stated clearly by Sir Robert Booth, president of the Birmingham Chamber of Commerce, in a letter to the Chancellor of the Exchequer: "It is our view that in the long term wage negotiations are best undertaken at plant level. But we feel the immediate economic situation demands that every effort should be made to achieve a further period of meaningful pay restraint. We are convinced that a return to unrestricted collective bargaining would further retard the national recovery."

The chamber is urging that wage awards in the next round should total no more than about 7 per cent. In order to escape from "the dangers of setting norms which quickly take the form of minimum entitlements," the chamber is pressing for a two-tier scheme. Under this there would be a low basic award across the payroll but supplemented by an additional "flexibility allowance" payable at the discretion of the employer.

Against

Opinion in Birmingham is firmly against the idea that the Government should make concessions about a shorter working week in return for union co-operation on another phase of pay restraint. Minds are not closed to a reduction in hours, but there are obvious fears that the net result would be a massive increase in overtime earnings.

The argument that there must be more flexibility in the next pay round is echoed again and again by employers. Because the 10 per cent tended to be paid out as a straight award there was little scope to deal with the problem of wage structures distorted by several years of continuous pay control. The issue of differentials is by no means confined to the Leyland toolmakers, although they have gained the most publicity and possibly inflicted the most damage upon their employers.

Another group harbouring grievances at the treatment received in recent years includes foremen, supervisory staff and middle management who feel their position has declined relative to that of production workers. Recruitment of membership has been dramatic by the white collar unions, particularly the Association of Supervisory Technical and Management Staffs (ASTMS). In the words of one industrial relations expert: "They are already knocking so hard on the boardroom door that it won't be long before we lose all the directors to them."

The outlook for labour relations is by no means clear. The Prime Minister will be trying once more to strike the right balance between offering sufficient cash to prevent disputes and keep industry moving, while at the same time holding earnings within tolerable limits. From Birmingham employers, among whom there has been a measure of pleasant surprise at the success he has achieved over the past 12 months, the advice would be to risk a tougher line on earnings. An increase in the rate of inflation is still viewed as the main danger to company prospects.

A.S.

NEC has to work hard

THE NATIONAL EXHIBITION CENTRE AT Bickenhill, next door to Birmingham airport achieved a heartening financial success in its first two years. But now it faces even more testing problems over the next few years. The next two years will bring crucial changes as management fine tunes its skills and generates the efficiency and fitness to enable the Centre to slog its way uphill to the goal of being truly international.

Operationally there is no question about the NEC's ability to stay well in the black. In the first year a surplus of £108,000 was earned. Last year it was £3 against an originally estimated £2.2m. Earnings of 5-8 per cent on capital investment are expected to continue.

Unfortunately the Centre opened during a period of high inflation which pushed up costs from £17m to £40m, and interest charges in line. This took the accumulated deficit in the first year to £6.5m, and when the latest figures are available it is expected to exceed £11m. Even though the trading surplus continues to grow, projections indicate that it will be 1985-86 before this overtakes the accumulated deficit to register a net profit.

Birmingham City Council, which owns the NEC, could lighten the debt burden by writing it down (or off) to enable the Centre to make more rapid progress, but such suggestions have up to now fallen on stony ground. Mr. Neville Bosworth, leader of the Tory-dominated Council, points out that it is a matter of presentation how the affairs of the NEC are shown. Whatever is done to stem the rising tide of debt would, one way or another, come from the ratepayers. For them they appear to have the option of paying a higher (or special) rate now to see their money returning sooner or waiting for the NEC to generate enough operational surplus to start bringing down the deficit.

In the 1980-81 season the Centre is full with exhibitions, but it is going to be hard grafting between now and then to fill the facilities. The world-wide economic downturn has led many international companies to pare down their exhibition outlays, evidenced by the simpler, modular-type stands. This, coupled with the fact that some *of the biggest shows* occur only once every two/four or even eight years, has increased the difficulty of intensive letting of the 0.9m sq m of floor space, even though a greater number of smaller companies are taking more space at the trade shows in which they are interested.

This is shown by the fact that no exhibition has failed to expand in size by coming to the Centre, whether from London, Blackpool, Harrogate or any other of the various centres. What used in many cases to be regional hotel shows have blossomed into successful trade shows, only two of which have failed to rebook. One is the fashion show which, wrenched from its traditional London centre on the doorstep of the rag trade, encountered a rival movement in the metropolis which has finally prevailed. The other is the toy and hobbies fair. It would have been willing to return but needed a different date in order not to clash with the Nuremberg show, the largest of its kind, and this could not be provided.

In trying to accommodate regular customers on which most of its income relies while simultaneously striving to enhance its international image the NEC management faces some acute dilemmas. The exhibition season is from September to April, and with the Centre already staging more than half the U.K. shows it is difficult to find suitable dates for international shows without usurping regular bookings.

Format

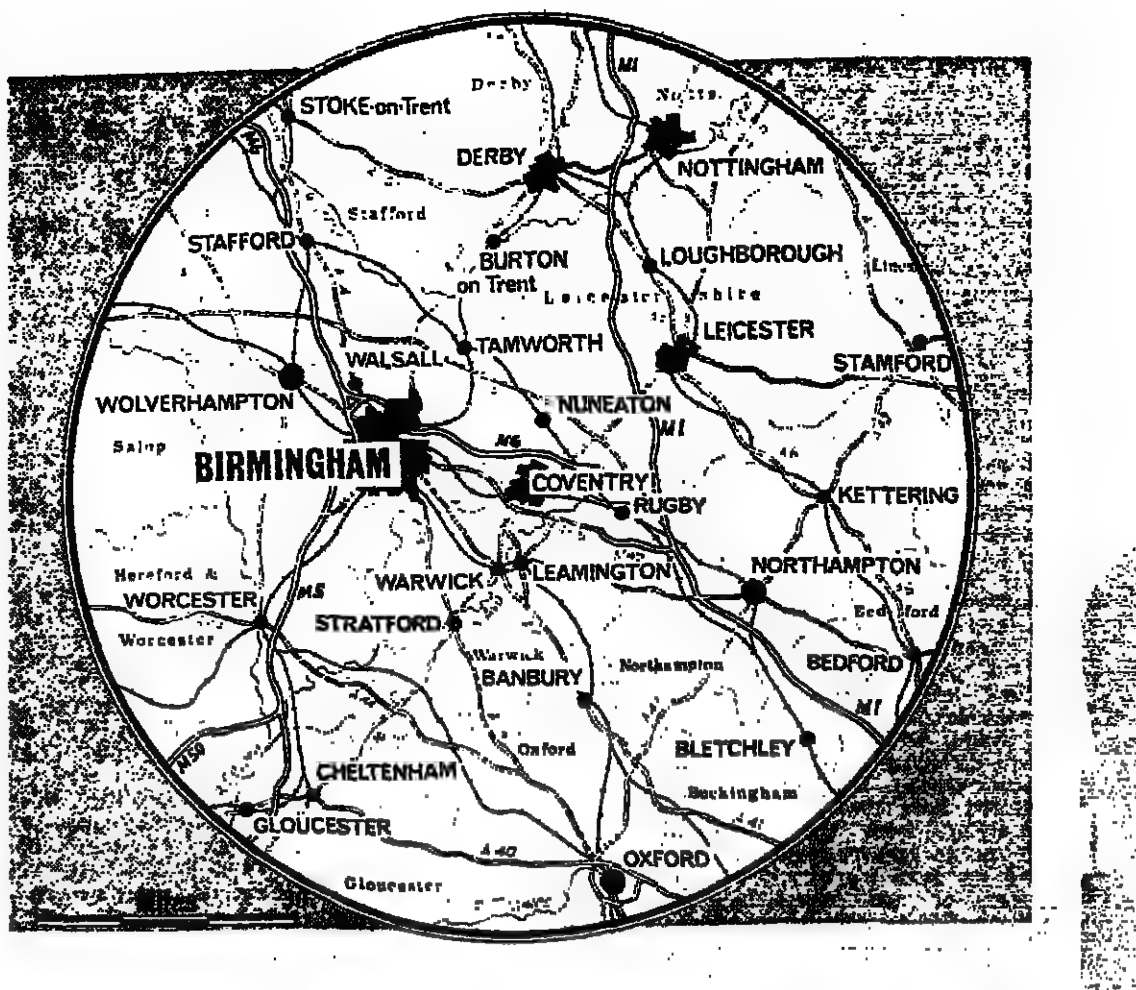
But if the NEC is to become truly international, as it has every intention of becoming, a new *format has to be found.* Mr. Terry Golding, the recently appointed chief executive of the NEC, is working towards *freeing September for major* true international exhibitions (not just those with "International" in the title). An early example was the machine tool exhibition in September 1976. This is a four-year cycle and will be returning, but in April-May 1980. Another highly successful example is Interplas, the plastics show, which notched up 40 per cent overseas earnings when it came last September. This will be returning in 1981 and again in 1985. In 1980 also there will be the international printing machinery exhibition, held once every eight years.

But the biggest of all currently in the NEC sights is the International Textile Machinery Association's exhibition for 1983. If Mr. Golding's confidence that an agreement will shortly be signed is justified then it will be the first time it will have been held outside the Continent. This alone could put as much money into the NEC coffers as last year's total operating surplus of around £3m. And the Centre will need exhibitions of this calibre and size if it is to make real headway to a net *profit.*

ITMA also faces management with another dilemma—how to create as much space again while preserving acceptable standards and amenities. ITMA will need a full 1.8m square metres. Fortunately there are three main areas where temporary structures, like the Orbit, can be erected. These will fill the gaps between existing halls and cover the hard standing round them. But even if these devices are successful *they can be no more than a* temporary measure: the NEC is short on permanent buildings to house major international exhibitions. But unless the City Council decides to free it from the ball and chain of its debt burden to enable justifiable expansion to take place it will just have to soldier on. The NEC was a bold and original project. But it is modest by some *Continental standards.*

Even if more international exhibitions are attracted, management is still faced with the almost blank summer months and some empty halls during the season. Non-exhibition events, like boxing and the successful world table tennis championships which were attended by 90,000 people, have already been held at the NEC, and part *of the marketing effort* will be going to strengthening this side of the NEC's personality. As a step in this direction a system of removable tiered seating is being sought and a number of top ranking pop groups are being encouraged to play at the NEC.

Even if some of these ambitious projects fail to come off, it is still certain that the NEC will be pumping more jobs and money into the local economy. A recent study by Aston University came to the conclusion that the sub-region had benefited already by nearly 3,000 extra jobs (including regular part-time) and by almost £25m spent by exhibitors and visitors. This excludes expenditure by local residents. The study believed that if all the available capacity of the NEC could be used, and if the sub-contractors, like stand builders, stayed in the area, the £22m or so estimated to have been spent by exhibitors would generate the equivalent of 5,240 jobs. This does not appear to be an over-generous estimate but it goes to show the prime importance of the Centre in creating work in a period when that *is hard to come by. The textile* exhibition, it is reckoned, would bring £90m-£100m worth of business to the UK and a lot to the Birmingham area.



The extent to which the NEC can command success depends to a substantial degree on supporting facilities. The development of these, from hotel bedrooms to conference halls and night shows, has understandably lagged somewhat behind demand, but is catching up to the extent that a full range of amenities can now be offered in and round the city. In particular conference facilities have been improved and extended quite substantially and may well continue to do so since the linking of exhibitions with conferences is a definite growth area in this type of business. In this respect the NEC is well provided for by having up-to-date facilities for up to 1,800 people at the nearby Metropole Hotel. And it is only a ten-minute train journey *into the centre of Birmingham* where a number of hotels like the Albany, the Midland, the Strathallan and others are in regular use for business and trade conferences. All told there are more than 50 conference venues having an estimated turnover last year of more than £10m.

Just how well the NEC and the support facilities can cope will be put to a severe test in October by the international motor show which for the first time will bring together commercial vehicles as well as caravans and accessories. It is impossible to estimate the *impact of a public show, which* is expected to attract around 1.2m visitors, or about twice as many as the last show in London two years ago. The ten-day show may entice twice as many, perhaps 2m or more, when they learn that 45,000 car and coach spaces have been found within a "Park-'n'-Ride" distance of the show and that British Rail will be running a ten-minute shuttle service between Euston and the International station at the NEC, with extra services from Manchester, Liverpool, Reading, Leeds and S. Wales. Some 170 extra trains are being put on between 7.40 am and 7 pm each day and with a normal £7 fare and entrance fee ticket, and £5 at the two week-ends of the show (October 20-29) it is clear a flood of visitors from within a 100 miles radius can be catered for. Actual catering facilities at the show are being doubled.

The occasion will tax all concerned with the exhibition. It *will also illustrate the NEC's* potential for putting cash and jobs into the local economy. A few pence on the rates (a 1p rate raises £1.75m) to relieve the NEC's financial burden may not seem to many to be too high a price to pay if it can show itself to be successful on a large scale.

Peter Cartwright

The financial sector

THERE HAS been a subtle change in the recent years of recession in the emphasis of some of the work done by the merchant banking community which crowded into Birmingham in the era of booming new issue and take-over business in the earlier 1970s.

Nowadays, the rush to go public among the expanding private companies in which the Midlands is rich, has abruptly halted, for reasons as various as tax considerations and the sluggishness of the stock market. Staying private, or even reversing from public to private status, is more the name of the present game.

Mr. Ran Meinertzhagen, who runs the Birmingham operation of Gresham Trust, a relatively small merchant banking business which has stakes in some 65 private concerns altogether, remarks: "There is an increasing trend for executives of calibre to move into the private company sector; disillusionment with employment in large companies, which does not provide big rewards or management freedom, is an important factor."

Gresham Trust's Birmingham office now receives one application a day seeking its backing for small concerns, but its sifting process—there is no shortage of resources—means that it makes only two or three investments in the Midlands region each year.

The more subdued level of bid and new issues business has meant an alteration in the balance of business within some other more wide-ranging merchant banks. Sir Timothy Harford, the director who, from Birmingham, conducts the Midland interests of Singer and Friedlander, a London accepting house which has long had an active branch in the region, notes how much the banking side of the operation has increased compared with the once dominant corporate finance side of advice on bid and flotation matters.

Much more attention is being given to arranging for the meeting of companies' needs by acceptance credits (finance through bills of exchange), a method which can be more economical than overdraft borrowing at current interest levels. "We're placing more emphasis on the development of the banking side of the business, including acceptance credits, in parallel with the corporate finance side which was historically the mainstream of the business," says Sir Timothy, who adds generally, of the Midlands scene, that industrial activity has perked up in the past three or four months, though there is still plenty of spare capacity.

Hill Samuel, another London accepting house, has long paid a great deal of attention to the Midlands, and has a substantial operation in Birmingham, where finance through acceptance credits has been an increasingly important part of its activities.

Other merchant banks with a presence in Birmingham include Industrial and Commercial Finance Corporation, the long established subsidiary of Finance for Industry, which backs small companies and finds the region one of its busiest. London names represented there include Kleinwort Benson and Charterhouse Japhet, while Keyser Ullmann, which has recovered well from the impact of the secondary banking crisis and is now expanding, opened an office in Birmingham in April. Mr. Derek Wilde, Keyser's chairman, has said that the move was prompted by the belief that Birmingham and the West Midlands will see major growth in the future.

Liquidation

Another example of the trend towards "going private"—this time in the financial sector itself—is G. R. Dawes Holdings, which had both a banking and an industrial holding side. The company is now in voluntary liquidation. Announcement of the move sent the shares soaring and distributions already total 160p a share, which compares with as a market quotation of as little as 55p at one stage last year before the liquidation decision. Mr. Howard Dawes, the chairman, and several associates, are continuing in the financial field with their G. R. Dawes (Management Services) private company. Some of the most active monitoring of the industrial scene on a national scale is now conducted through the Bank of England's regional offices, of which that in Birmingham, where Mr. David Nendick is the agent, is a particularly important sounding board, placed as it is in the centre of the West Midlands conurbation.

The big clearing banks have long been solidly entrenched in the Midlands area, where indeed two of them, Lloyds Bank and the Midland, can be regarded as having originated. Barclays also has major representation there and its Barclays Merchant Bank subsidiary is established in Birmingham.

The National Westminster Bank, whose regional office, under the regional executive director, Mr. Mike Cross, operates from Colmore Centre, housing 400 of the group's employees, also puts a major emphasis on its 350-branch Midlands area, where a tenth of the bank's UK business takes place. A significant development occurred earlier this year when the NatWest's merchant banking offshoot, Counuty Bank, opened an office in Birmingham.

One of the noticeable trends of recent years has been the increased representation in Birmingham of foreign banks, or British banks with an overseas orientation, all attracted by the increasing internationalisation of trade and business.

Standard Chartered Bank which, in addition to its extensive network in Africa and the East is expanding in Europe, has been in Birmingham since 1972.

American groups among overseas banks with an active business there include Bankers Trust and Bank of America, while American Express International Bank and Chemical Bank have representative offices in Birmingham. The closer links between Britain and Europe have also brought the big French banking groups of Banque Nationale de Paris and Société Générale to Birmingham in the last few years.

A range of banks from the Indian sub-continent, including Bank of Baroda, Bank of India and—from Pakistan—National Bank of Pakistan and United Bank reflect the presence of a sizeable immigrant population in the Midlands.

One of the best-known names on the Midlands scene for many years, Birmingham Municipal Bank, dating from 1916, has recently become Birmingham Trustee Savings Bank, though its trustees are still appointed by Birmingham City Council. With more than 70 branches in the region, the bank operates closely in parallel with other TSBs, but also continues its long-established business in home loans.

Forward Trust, the finance house subsidiary of the Midland Bank, is among several sizeable financial or commercial businesses with countrywide operations which are based in Birmingham. The company, whose name is taken from Birmingham's motto "Forward" and which is this year celebrating its 50th anniversary, had had a steadily increasing profits record, having boosted its pre-tax profit by 42 per cent to £14.2m in the year to October 31, 1977, when total assets rose by £88m to a peak of £338m.

Mr. Gordon Ross, a director, agrees with others that, while there are some signs of recovery in the economy, these are scarcely very dramatic. "It's not as buoyant as it might be, but we are pleased that we've increased our business this year, including contract leasing of cars," he says. "Industrial machine tools are quite a buoyant replacement market, without any sign of major new investment being apparent." The consumer side is also doing well as a result of the boost to real incomes, though nobody is counting on this trend remaining as bright as at present.

Nationwide

In the insurance field, Britannic Assurance, with its emphasis on life business, is a nationwide concern based in Birmingham. The group, which makes wide-ranging investments in Midlands as well as other companies, is well known for its dislike of seeing businesses in which it invests taken over. It tends to look on its own investment in, and backing for, selected concerns as a strength to nourish their existence in independent form.

Other insurance concerns which also have their home in the Midlands are the Wesleyan and General Assurance Society, and Midland Assurance, which is a subsidiary of Eagle Star Insurance.

After a good deal of reshaping in recent years, the Birmingham stock market community has been having a rest from further changes and consolidating its position. The recent tally of 12 broking and three jobbing firms in the Birmingham part of the Midlands and Western unit of the Stock Exchange *remains* unaltered.

What is specially interesting is the way in which various stockbroking firms have responded to unity of the British Stock Exchange in the last five years.

Smith Keen Cutler, the product of a major merger within the last two years, has an active office in London and *at least half the business it* transacts is now in London. Birmingham remains an important area to it—the specialisation in knowledge of the many Midlands quoted companies is a strength to it, as to other brokers — but Smith Keen Cutler is no longer represented on the dealing floor in Birmingham.

Other sizeable broking firms, such as Albert E. Sharp, take the view that extensive business can be satisfactorily transacted from Birmingham. Another which has a London office is, however, Harris Allday Lea and Brooks.

Margaret Reid

هكذا من الأصل

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Working out a policy to aid the small company

BIRMINGHAM CHAMBER of Industry and Commerce has an uncanny habit of asking its members questions that penetrate to the heart of problems in a way that no amount of well-intentioned statistical exercises by civil servants seem able to do. Not so long ago it discovered that but for fears about unfair dismissal and redundancy legislation small firms would on average have taken on an extra four workers. Had they all done so unemployment would have been cut quite dramatically, for small firms in this region comprise 87 per cent of all establishments and employ nearly 30 per cent of all those in manufacturing.

The situation was put more pithily when Mr. Harold Lever, Chancellor of the Duchy of Lancaster, came to launch the inner city Partnership project, which particularly needs entrepreneurs and small businesses to invigorate it. After a persuasive speech in which he promised to do something to limit the plethora of forms emanating from government departments, VAT and bad debts and other subjects calculated to raise blood pressures, it came to question-time and a small businessman offered his own well-spoken recipe: "Just get the Government off our backs Mr. Lever."

Complex

Everyone knew what he meant, of course, and it went down well. But in societies as complex as they have become government help is often needed. The costs—and the penalties—of doing so (and failing) are too great for most people to bear. But the absence of the entrepreneurial spirit from the city centre has, as everyone can see, left a void and dereliction that will be hard to repair. The other day the councillors spelt it out in hard cash.

The Partnership is a threesome of the West Midlands County Council, Birmingham City Council and the Government, with Mr. Reg Freeson, Housing Minister, as chairman. In its programme to breathe new life into old areas the Council is to spend more than £4m on mini-factories. More than £2m has been allocated to providing some 50 units at five sites, and three similar schemes are being studied. Nearly £800,000 is being paid for two properties in Aston and their conversion into 18 small business units. A start has been made on reversing the massive city centre exodus of people and jobs.

It has given dimensions and practical application to the fair words and legislation from the Government, and real meaning to the "enterprise workshops" it is proposed to establish under the programme in 1979-82. In setting forth the aims the Government came clean and promised to lessen the burden of taxation, legislation and beaurocracy on small firms. The partnership meantime "will continue to press for further measures in this same direction," it declared, adding that there was evidence in Birmingham of a "continued strong demand" for small factories of a type that local authorities and private developers could provide.

In identifying priorities the Inner City Partnership Project (ICPP) came to the conclusion that the important criterion was an adequate supply of factory units in the 500 sq ft-3,000 sq ft range; refurbished factories in the same range; and every kind of unit in the quality range from the proverbial railway arches to high-class units in good environmental surroundings.

Other useful components in the overall small firms' package were felt to be general management training, equipping executives to deal with the problems of expansion, establishing training centres at co-operatives and helping potential entrepreneurs.

These kinds of conclusions and objectives stem from talks that have been held with various influential bodies concerned with local finance, the Employment Department and other government and industrial bodies in the process of assembling a submission to the Lever enquiry on small firms. Some of the comments are fairly obvious but nonetheless important for they disclose the strong identity there is between administrators and managers of small firms. A disability expressed was that because of the extra risks like low assets backing, lack of track record and reliance on personal attributes, higher rates of interest on loans are likely to be incurred. Neither can small firms, in general, afford to pay for experts to assess a proposition and present it in attractive form to financial institutions. Or, again, when money is tight joint stock banks tend to discriminate against small firms, although much depends on the manager and the type of business a branch does. And, of course, there is the sensitive area of an entreprenur being willing to accept equity-linked loans that seem to threaten his (or her) independence. Taxation, legislation, VAT returns and so on, are all items that inhibit start-ups or expansion. "Much more could be undertaken to simplify statutory paperwork required from small firms, especially in respect of PAYE" says the submission.

Condemns

And the Council is at one with the local branch of the Confederation of British Industry, Birmingham Chamber of Industry, the Engineering Industries Association and other bodies when it condemns past regional policy. Distortions arising from regional policy had seriously constrained the generation of new industrial growth and had caused "fundamental" economic problems in the county. Nevertheless, the council was against extending the experimental small firms employment subsidy scheme in the special development areas nationwide. It was felt that would tend to encourage a misallocation of resources by failing to differentiate between efficient and the inefficient firms.

This was an interesting indication of where the Midlands, and Birmingham in particular stands in relation to providing help. Tax relief for all small firms was suggested as an alternative. That would do more to encourage viable concerns to expand and to create new jobs it was felt. It was also concluded that the size of unit required was no larger than 6,000 sq. ft. as there seemed to be a definite break in the market at this point—a conclusion other authorities have also reached.

These submissions and comments, together with the face-to-face meetings Ministers and government officials have had with small firm owners and representatives, have done much to pave the way for tax reforms, like raising the level of exemption from apportionment of trading income to £25,000 as a step towards a more ambitious £75,000, allowing relief against VAT for bad debts, and—perhaps the most important of all—no capital transfer tax (CTT) liability as long as a family firm stays in the ownership of the family or workers.

All of these very substantial concessions underline the problems with which small firms have been beset in recent years and the awakening of government quarters to their vital importance as a seedbed for new enterprises and employment. The package of assistance acknowledges that.

All the same, expert help has been available for many years merely by picking up a telephone. A lot of it, as one would expect, comes from membership of bodies like the Birmingham Chamber of Industry and the CBI, but equally it has been available from less likely sources like the universities.

Their function, generally, is to help lame dogs over technical styles, but help can, and often does, extend to management aspects. The low cost automation centre at Birmingham University is one such source. Part of the engineering production department under Professor Norman Dudley, it has been helping firms big and small for more than a decade.

It has been a sign of the times that over the past two or three years the number of calls on its services have declined. While the centre is biased towards smaller companies, it is the problem, rather than the company, that it tends to take on board. If a company has a special problem, well out of the everyday run, it can be dealt with by the centre. About 150-200 a year are dealt with and most fall into the inspection and quality control zones—firms having problems with dimensional gauging, or automatic assembly, and so forth. While many of the problems are regional, others come from other parts of the UK, so well known has the centre become. On occasions when the centre has developed a system or unit with a wider application the company concerned, or another, is licensed to make and market it worldwide.

Aston University, right in the centre of Birmingham, is even more closely allied with industry. The technical and planning services division, set up with a priming grant some ten years ago by the then Ministry of Technology, is now a self-supporting, non-profit making division. Although able to offer a range of services, including turning likely-looking inventions into prototypes, the emphasis is on management training and development. In the past five years the work has tended to settle down mainly to providing expertise in the fields of accounting, costing, budgetary control, and generally helping clients to present a case to bank managers. The division can equally help to improve production by planning and production techniques to make the fullest uses of resources, as well as to suggest marketing and export strategies. Again, like Birmingham University problems and help may be concerned with places as far away as Scotland or the Channel Islands.

An imaginative project, undertaken some three years ago, has been helping redundant executives to find employment. Under the "Loan a Brain" scheme sponsored by the Training Services Agency former executives, many of whom come from large companies, are put on to solving problems of smaller companies at training sessions. These mature students then go out to a company client, and for ten days study its working in depth and then make recommendations. This bringing of fresh, trained eyes to a familiar situation can normally solve the problem, but at the least it will enable the company to survive longer. And two out of three of these former executives later find jobs—in smaller companies. These two valuable specialist services are able to tap into the university and research establishment network to cut a corner or get highly specialised help as, for instance, from Nottingham University, which specialises in robotic devices, or the manifold Production and Engineering Research Association at Melton Mowbray.

This kind of expert technical advice can be made available through government agencies. The small firms information centre attached to the Department of Industry in Birmingham signposts many of the near 1,000 enquirers a month it has in this kind of direction. Some 80 per cent of the enquiries come over the telephone and can be dealt with immediately, although some of those from manufacturing industry especially may need more detailed treatment. Of the 725 enquiries in May 337 were miscellaneous, 104 were concerned with management, 120 with government departments, 126 related to statistical information and the remaining 38 were for help on financial matters.

Counselling

Allied to the information centres are the new counselling services, which appear to be filling a valuable role in dealing with the one-man or very small concern. For while the Bolton definition of a small firm is 200 or fewer employees, most companies of 40 to 50 begin to have a definable management structure, and it is the ones smaller than this who generally need most help—not only to point them along the road to success but also to head off would-be entrepreneurs who have not thought through what seems to them a good project.

Sometimes the counselling service is called on to act as a kind of industrial Good Samaritan. One lunchtime a woman phoned to say she and her husband were directors of a couple of small businesses. Her husband had had a breakdown through business worries and please she was not quite certain whether there was enough to pay the wages. Although she was a director she had never had anything to do with the businesses. A counsellor went to the firm, found inadequate records and financial details, and after a thorough investigation advised that the best thing to do was to wind up the businesses before they collapsed.

On another occasion the father of a girl who had a quite successful antique business at home wanted to know whether she should move into a shop, and help was given on the way in which the operation should be set up, and the problems that could be expected to arise.

It is clear that no one, from the one-man operation to a sizeable company need lack expert assistance and advice. Indeed, a case could be made out for bringing the various bodies into a more formal relationship to make the range of help more readily available from one source.

P.C.

Improvements in public transport

WHILE NO ONE these days expects to run public services without subsidies, the other calls on the public purse ensure that they are kept to the minimum in all but exceptional cases. Sheffield, for example, has its heart set on a free public transport system. Birmingham, like the great majority, aims to provide an efficient service at prices people are prepared to pay, and, considering all the factors militating against it, Birmingham, or rather the West Midlands Passenger Transport Executive, is making encouraging progress. It will not ever be free from criticism for shortcomings, but a lot of effective effort has been put in to creating a flexible service that market research tailors as closely as practicable to neighbourhood needs.

The subsidy in the last financial year was £15.2m of which just over £12m was for buses. This compares with the 1976-77 deficit of £19.6m of which £17.1m was on buses. The PTE takes its forecast deficit as a financial target to be beaten and the decreased call on ratepayers is a measure of its success. In the current financial year the forecast deficit, allowing for pay increases and inflation, is £16.3m, with around £12m again for buses. The outcome is expected to be considerably below forecast through improved efficiency.

The Executive, which has British Rail as its partner, carries more than 550m passengers a year by bus and another 14m by rail, within the area for which it is responsible. This includes Coventry and Wolverhampton and Solihull to the south-west and part of South Staffordshire in the north. People can travel the length and breadth of this conurbation by road and rail for £10 a month, what the travel ticket costs, or £7.50 if it is by bus only and one railway line. There are 100,000 card holders, and the prices reflect the inroads of inflation but also a modest net increase which seems to have been generally accepted since passengers have not been lost.

To an extent the relatively small and short-lived reaction to the increases seems to mark an appreciation of the improvements that have been brought about. Developments are founded on thorough market research. Birmingham and other places are split into various areas and the travel needs within them determined by analysis. Absolute matching of requirements to services is an unattainable objective, but they are met within the resources available—there are 2,500 buses and more than 90 diesel and electrical multiple units—with road and rail services being integrated as far as possible.

Solihull was one of the first commuter areas to have a "tailored" system. This included the first "dial-a-bus" scheme, which is now being modified. It was introduced because the area has a lot more telephones than other comparable suburbs. By dialling the headquarters it is still possible to have a bus at one's doorstep or driveway within ten minutes. Although the service, like a public taxi service, costs £3,000 a week to run, it has established routes which a remodelled service will follow to the general benefit of those in the catchment area and ratepayers in general. It has been a useful tyo-year experiment, bold in terms of the traditional attitude of local authority councillors to loss leaders. The service is being replaced by conventional buses running predetermined routes. Despite its lack of financial success, it provoked new thinking in an area that boasts as many large cars as in its Surrey counterpart. More than one owner used to joining the car queue to the city in a £32,000 Rolls merely took it a short way to Dorridge or Solihull railway station, got a city centre bus at New Street or Moor Street station and was deposited near his office all for 10p (as it used to be). This caused even well-heeled accountants to compare the costs. It is not revealed, however, whether the Rolls was left for the wife to drive.

Growing

It would be unfair to spotlight only Solihull. There have been a growing number of areas, like Chelmsley Wood, Yardley and Sutton Coldfield where the joint services have been improved. There are development schemes in the pipeline for Warley, Harborne and other Birmingham suburbs. Chelmsley Wood is a particularly vital area, a new town of 50,000 on which the National Exhibition Centre at nearby Bickenhill relies to draw many of its regular part-timers and full-time staff. Bus-rail interchanges have been introduced at Lea Hall and Marston Green on the line to Birmingham International (the NEC station) with a frequency of four trains an hour at peak times.

But by far the most ambitious development, and one that has proved itself within a few months, is the south-west to north-east rail link running from Longbridge, where Austin-Morris employs 25,000 people, to Sutton Coldfield, 16 miles away. The 16 stations along its length serve some 175,000 people. This cross-city line cost £7.8m and three of the suburban stations are new, the first British Rail has opened for many years: another four were rebuilt. Five of the stations offer free car parking, and bus services are linked to the rail services, which provide six trains an hour at peak periods. Opened only two months ago, passenger-carrying rates are already running at nearly 7m a year, some 60 per cent of capacity. Allied to this development has been the modernisation and expansion of the Tyseley rail depot on which £1.1m has been spent, mainly on creating maintenance facilities for the three-coach multiple units.

Like every other organisation concerned with it, the PTE is having to make special arrangements for the duration of the Motor Show at the National Exhibition Centre in October. About one-third of those visiting public exhibitions go by bus or rail, and besides stepping up the services the PTE will be operating what will, it is thought, be the biggest "park-and-ride" scheme for motorists ever mounted in this country.

Novelty

Well over 1m people are expected during the 10-day show and 45,000 car spaces are being set aside within a 10-minute "park-and-ride."

The conjunction for the first time of the car and commercial vehicle shows, plus the novelty of holding the exhibition at the NEC could attract many more than 1m visitors. In any case it is clear that the motorway network which radiates from Birmingham is going to be under heavy pressure and the authorities have sensibly decided to suspend the roadworks on the M5 and M6, some of which are forcing traffic on to suburban roads through road closures. In addition to the well-publicised problems of joints on viaduct sections in and around Birmingham, there is the longer-term problem of deteriorating road surfaces caused by a very much higher proportion of heavy lorries—an increasing number of them juggernauts from the Continent—than was allowed for when the road designs were prepared 12 and 15 years ago. It is not often realised that a 30-ton lorry does 80 times as much damage as a 10-tonner. At the same time a start will be made on the much-needed third lane on the M5 before the end of the year. This is a five-mile stretch to the south-west of the city between Quinton and Lydiate Ash. Nearer the centre, approval to spend £25m over eight years on completing the eastern section of the middle ring road has just been given.

The Motor Show will also pose severe problems for Elmdon Airport, adjacent to the NEC. In a recent week a check on passengers on scheduled flights showed that 29 per cent of them were going to the exhibition. This will be the first time UK and overseas industrialists and visitors are able to come to the show by air, and the airport authorities are preparing to deal with up to 300 company and charter planes a day. "There may be some stacking," Mr. Bob Taylor, the airport director, warned.

Exhibitions have helped to increase the flow of passengers and this year the total is expected to reach 1.25m thus beating the 1973 record of just under 1.2m. This year is showing a 14 per cent growth in traffic, aided by new and improved services and the four-times daily feeder service to and from Heathrow, and twice daily to Gatwick. The improvement underlines the need for a quick decision about the £30m project for a new terminal for which the Government will have to pay 60 per cent. The local authority is firmly against a further extension of the existing terminal, which the Ministry of Transport rightly points out would be cheaper and argues more far-sightedly for a new terminal on the other side of the airport which would link up with the NEC, thus completing the dream of having an exhibition centre uniquely served directly by road, rail and air.

A decision is expected within the next six months, hopefully in favour of the new terminal to match the growing importance and progress the airport is making. The increased business, together with an absence of new building work, has taken finances into the black, and this year's net profit is expected to be around £0.5m compared with the £0.3m of 1976-77.

P.C.

Property market

BIRMINGHAM HAS wallowed in a glut of office space for so long that it still seems almost impossible that one can now begin to talk about a possible shortage on the horizon. But, with some important caveats, that is the fairest way to sum up the position which is now emerging.

At the beginning of the year local agents began to show a degree of returning confidence not seen since 1973. The glut of space was being nibbled at—at an increasing pace—and more importantly in terms of confidence the lettings were to prime covenants at rates not too far from the asking price.

The caveats still applied, of course. First the base asking rents were very low—£1.50 often for modern space, sometimes even air conditioned. Secondly, the pace of lettings was by no means sufficient to hold out hope that all the space built during the 1970s would be absorbed. It was becoming clear that some buildings would never let.

Six months ago this picture was still only a sketch. Now it is beginning to flesh out. By the year end a real pattern should have emerged.

The most encouraging signs are showing in the quartely space survey of Edward Bigwood and Bewlay, one of the major local estate agents.

The company distinguishes between the three clear districts into which Birmingham has divided as an office centre. At the end of June the picture of supply was as follows:

City centre 630,000 sq ft
Edgbasten 440,000 sq ft
Elmdon/Solihull 140,000 sq ft

The total—1.2m sq ft—is still enormous, particularly as it is largely accounted for in modern tower blocks no more than five years old. But compared with the 3¼m sq ft which was on the market 18 months ago it is little short of a miracle.

The takeup figures explain the dwindling in the supply. In the 12 months up to the end of June, according to the firm, some 410,000 sq ft was absorbed. During the whole of 1977 the figure was closer to 500,000 sq ft, the extra 100,000 sq ft being explained by one or two unusually large lettings last summer. In the three months between March and June lettings amounted to a further 120,000 sq ft.

Where lettings are concerned the tight financial area is leading the way—with rents of £4.50 (and sometimes above) being achieved in such blocks as the joint Bryant-Samuel Waterloo Court refurbishment. For the past six months or so the city has begun to attract banks to set up offices in this area. Keyser Ullman, for instance, opened a branch in April. Waterloo Court tenants include Algemene Bank Nederlande, Hong Kong and Shanghai Banking Corporation and Banque Nationale de Paris.

The important point, however, is that over the past six months significant moves have occurred outside this central belt. The towers around the Inner Ring Road are also beginning to fill up—although, according to some local agents, some of the buildings (because of their poor quality) will never let and should just be pulled down.

There are clear signs emerging that the days of rents of £1.50 are now past. Good modern space in Birmingham can still be rented at bargain rates, well below any of the comparable cities elsewhere in the country, but the level is now likely to be £2.50 to £3 for air-conditioned space.

Further out of the centre, at Elmdon, office rents are more likely to be at the lower end of this scale—around £3—local agents say, though in Solihull itself, where space is already at a premium, £4 upwards can be obtained on a central building.

The reason why the pattern is not yet clear is that a substantial number of rent reviews are at present being negotiated throughout the area, and it will not be until these are completed that the real rental base will be certain. Most if not all of these are reviews upwards from a very low base. As low as £1.35 in some cases. And, with so much space still available at as little as £2.25, tenants are in a strong position to fight for minimal increases.

On the industrial front there is also a new feeling of movement and activity. Mr. P. J. S. Norton, the Commercial Officer in the Birmingham City Council Estates Department, says that almost 200 industrial sites have been allocated by the council in the first six months of this year. This was more than for the whole of 1977. During the period he has monitored enquiries for 2½m square feet of factory and warehouse space—again double the level for the same period last year.

Private developers are also beginning to take up land again, particularly in the Ladywood, Castle Bromwich and Hawkesley areas, where the City Council has sold land for schemes amounting to space for nearly ½m square feet of new building.

Apparently demand is also picking up in the inner areas and the Council is expecting a good response from developers for the 35 acres of industrial land in Yardley which it is now advertising. The council is taking a very active role in releasing land as well as in developing small units itself.

Under the original Government grant of £100m for the rejuvenation of the country's inner cities, Birmingham already had £11m worth of development in progress. Now, with the new allocation, the city has a £30m three-year programme mapped out.

Rents are still modest—the £2 mark which developers hoped to see back in 1973 has still not materialised—but the demand is already beginning to provide upward pressure on modern units with good access. The figure of £1.50 is not uncommon. Key areas where the city plans rejuvenation schemes are Deritend, Duddeston, Saltley and Sparkbrook.

While it is important to stress that Birmingham is coming out of the doldrums in which it has languished since 1973, it is equally important not to suggest that a boom is on the horizon.

On the industrial front, demand may have doubled, but it is from a low base and there is still nowhere near the level of activity which might be expected from the country's industrial heartland.

Christine Moir

Building work in short supply

IN MUCH the same way that the recent course of events in the nation's second city have accurately reflected the general state of the economy, so have trends in the UK construction market. Birmingham has always represented the barometer with which the whole nation's industrial and business climate can be tested and its latest experiences serve to prove the rule.

Overall industrial output has been disappointing and investment by companies has, as a consequence, been low. Spending by regional sections of Government Departments and by local authorities has reflected the central Exchequer cuts imposed in the wake of the country's economic ills. Unemployment in a region where lack of jobs has not been a traditional problem has been climbing too high for comfort.

It is hardly surprising, therefore, that as a direct consequence of the poor localised as well as economic performance, the civil engineering and building industries in the region have suffered accordingly.

Brighter

In short, the searching out and winning of building work in and around Birmingham has represented a challenging task and while the outlook may now be beginning to *brighten up*, no-one in the business expects easy or particularly profitable times ahead.

Domestic construction work generally has been hard to come by and one of the complaints of the smaller contractors, used to operating in a fairly localised area, has been the arrival on the scene of the larger building and civil engineering company. Many of them have been primarily concerned with keeping their teams of skilled and professional people intact and have been forced to look for the smaller packets of work in view of the scarcity of the larger type of contract best suited to their operations. The larger contractor's readiness in many cases to accept lower than normal operating margins has hardly endeared them to the smaller competitor, not that it has done much for their profit figures at the end of the day.

Much of the emphasis in construction work in and around Birmingham recently has been on modernisation and renovation, with most companies reluctant to embark on new building programmes of any scale. Major new building contracts for clients like BL have proved welcome boosts for the ailing industry, though they also serve to underline the lack of substantial construction contracts around.

Industrial and warehousing development, for so long in the doldrums, has recently shown signs of picking up, an indication that at least some of that corporate reluctance to invest is giving way to contract decisions. On the commercial property front—where there has been a long-standing surplus of accommodation which is only now beginning to be taken up—construction activity is still generally low.

Builders in the region have been complaining that, as if the winning of work was not difficult enough, their operations are becoming increasingly frustrated by ever increasing delays in obtaining planning and building regulations permission. Their complaints in this field have been coupled with the inevitable criticism of the Development Land Tax, which many Midlands house builders in particular claim is keeping essential development land off the market.

Housing is perhaps the one area of construction in the Midlands which has provided a consistently brighter picture for a year or more. The rapid escalation of construction costs has effectively ended and with house prices moving more rapidly than at any time since the last "boom" of 1972-73, the builders can anticipate a suitable return at the end of the day.

When the house building market offers reasonable profits, output in the Birmingham area is always healthy and reflects the traditionally high demand for private housing in the region. Private developers have never attempted to build homes for sale in the centre of the city on the same scale now being achieved in some other provincial centres—the pattern may now change with the swing to inner urban revival—but the outlying areas still provide good opportunities for housing developments of all types and prices.

If housing provides the high spot, however, then civil engineering activity must represent the least encouraging aspect of the industry's fortunes. The cutback in the major roads programme—which has traditionally provided a major source of work in the Birmingham area—has hit the civil engineers hard, as have reductions in expenditure effecting such essential services (and bread and butter jobs) as sewerage and water schemes. It is ironic that a significant proportion of the roads contracts available now and in the near future around the Birmingham area represent nothing more than remedial works on motorway and major trunk routes built only a few years ago and now desperately in need of repair.

Birmingham itself does not form the home for many of the UK's major building and civil engineering operations, though many of the smaller contracting operations are based in the region. Two of the industry's major names do, however, work out of Birmingham, though they have grown to such a size that their original market place now only accounts for a small proportion of their turnover.

Robert M. Douglas, perhaps best known for its work on the *National Exhibition Centre*, now operating on the outskirts of Birmingham, is a good case history of a construction group that has grown during hard times at home, largely by expanding abroad.

Vigorous

The company *had* pushed up turnover from £24m in 1972 to over £70m in 1977—a fall from the 1976 peak of £75m—largely by pursuing a vigorous expansion and diversification programme. Douglas, which also recently completed ahead of time a ten-mile stretch of the M42 Birmingham-Nottingham motorway, has along with many other contractors been persuaded to seek work in the world's developing regions. It is involved on a 10,000-homes complex in Cairo and has been busy establishing overseas subsidiaries in such locations as Saudi Arabia, Egypt and the United Arab Emirates to cope with the future assembly and management of contracts.

The company has pushed up further afield, to locations like Australia and New Zealand. Not all the successes have been abroad, however, with Douglas *capturing* some substantial home contracts in recent months, involving roads, factory and office developments.

Another major name in the civil engineering sector with Birmingham as its home base is the Bryant Group, which has been operating in the region since the last century. Of comparable *size to Douglas, Bryants* has not so far ventured as far afield as its local competitor, though it has formed a Saudi Arabian company jointly with Sheikh Abdul Aziz Al-Saleb and is now engaged in contracts in that market.

Bryants has not been receiving the best of publicity in recent months, arising *out of* the trial and imprisonment on the corruption charges of one of its directors and two former directors. The group recently announced, however, that C. Bryant and Son is appealling against the £425,000 fine imposed on it while the three men have lodged appeals against their sentences.

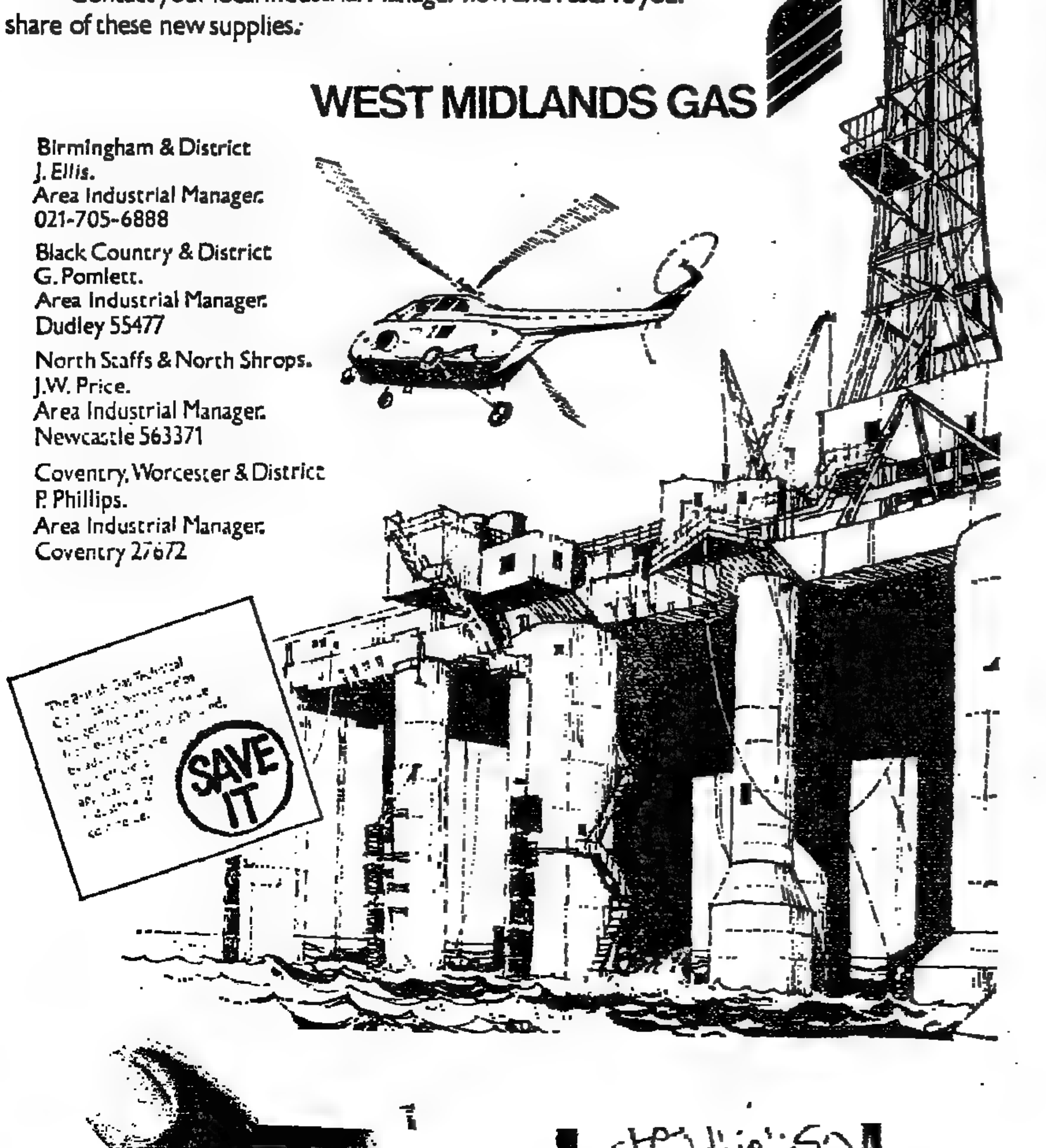
A statement, which underlined the strength of the group and said the outlook was good, emphasised that Bryant Holdings was found not guilty on all charges and that C. Bryant and Son, *a subsidiary*, was found not guilty on all the conspiracy charges, as well as a number of individual charges, on the direction of the judge.

The order of costs made against C. Bryant and Son, variously estimated at between £13,000 to "over a million pounds" is itself the subject of *an appeal by the company*. The directors say they have been advised that the costs for which the company may be liable are unlikely to exceed £25,000 and may well be substantially less.

Bryant is clearly determined not to be put off course by recent events and although it expects to report a reduction in building and civil engineering turnover for the year which ended in May, it does not anticipate much of a change in profitability. The group, in which Taylor Woodrow now has a small stake, described as a trade investment rather than the foundation for a takeover, says that the improved outlook for homes and property development and the benefit of additional contract work already won suggests a healthy future.

Michael Cassell

Dimensional checks being made on rotary shaft seals manufactured at the Birmingham-based seals division of Aeroquip (UK).



Export tradition maintained

AS THE CENTRE of a region producing one-third of the entire nation's engineering and allied goods Birmingham can claim to be the biggest exporting provincial city. This much can be stated without fear of contradiction. What is more difficult is to put it in more precise statistical terms, and a good guess is the most that can be essayed. The best one can do is to look at parallels, and having done so to declare unequivocally—*and without much* fear of being proved wrong (because of the lack of figures)—that the Birmingham area exports around £1,600m-worth of goods annually. This is no more than a good guess; but if Queen's awards for exporting were awarded to cities there is no doubt at all the Birmingham would get one of the first.

It is the home of internationally well known companies like GKN, the Lucas Group, TI (Tube Investments), Cadbury-Schweppes, Peerage, IMI, Wilmot Breeden, Birmingham Mint, Dunlop, British Leyland, Triplex, R. M. Douglas, Glynwed, and several confirming houses, or export agents well into their second century of world trade.

Morbid

While the economic buzzards pick over the national statistics and seem to take a morbid delight in displaying the bones, an uncountable and incom*parable lot of people in the city*—not to be confused with London—are daily getting on with the job of making and selling things abroad. Oilfields are an enormous boost but the GKNs and Lucas's of this world will probably last rather longer.

The Export Credit Guarantee Department is a government organisation that provides finance and insurance for exporters. One hundred and fifty years before it came on to the scene, or longer, a considerable number of export agents, or confirming houses were active in Birmingham and have continued to represent the area with the biggest turnover outside London. Two of the oldest members, Keep Bros. and Scholefield Goodman and Sons, finance the international movement of goods between one country and another worth more than £70m. Although the financing of this business may be, and often is, between two countries other than the UK, the profits seep back into the city. As the most important centre of its kind outside London capable of accommodating the manifold political and commercial risks in world markets they quietly perform a delicate, necessary and crucial job in oiling the trade wheels.

But, *like* thousands of others in the export business, they also make use of the services of the regional ECGD office in Birmingham. This covers both the West and East Midlands and its business has been growing apace. It went ahead strongly in 1975-76 increasing business by some 30 per cent and in 1976-77, not a year to be remembered with relish, by another 14 per cent, thus keeping volume ahead of price inflation. This lifted turnover above £2,000m. Some 320 of its customers are in the "millionaire" league through exporting more than this value annually, and they are continuously being joined by others, many of *them of medium size*. This again is more than any other provincial region.

Several holders export many times more in value and are in the "multi-millionaire" class like the Lucas group, with direct exports last year—its "Go for Gold" export year—of £140m and another £180m *worth of indirect exports in* which components were incorporated into export products made by customers.

IMI, the titanium, copper, pneumatic systems, and cartridge group, exported £82m worth of products directly and took overall overseas sales to £169m. Cadbury - Schweppes *came up with a tasty £164m, and* the list is far from being exhausted. British Leyland, the greatest exporter of the lot, with its volume car plant in the Austin Morris division at Longbridge making Minis and Allegros, and the nearby Rover complex at Solihull turning out saloons, Land Rovers and Range Rovers, all of which have a high export content (some 80 per cent for off-the-road vehicles) has still to be taken into account.

Altogether the Export Credit Guarantee Department office in the city turns over in excess of £800m in the Birmingham area and the "millionaire" pins on the marketing map are thickest there. And since the office claims to be responsible now for around half of all its type of export business, a figure of £1,500m worth of exports from Birmingham is probably as near as one can get. Like the confirming houses, or export agents, ECGD is prepared to cover goods that will never see the shores of this country, but likewise bring profits into the city. The products, it should perhaps be added, must not compete with those made in the U.K.

Involved

A record of continuous growth in exports like this, even from a city so closely involved in overseas markets as Birmingham, depends on one or more organisations creating opportunities for first-time and small exporters to develop sales overseas. Birmingham Chamber of Industry and Commerce has a distinguished history of organising government-backed trade missions to all quarters of the globe. Since the first mission flew out in January 1965 to the one currently in South Korea, nearly 2,000 businessmen have participated in 188 sorties, and they have brought back £230m in firm orders, an average of around £1.25m a mission. The Birmingham Chamber's success and expertise is reflected in the fact that more than 20 missions are sent out every year, a rate no other U.K. organisation can match.

In addition an overseas fairs division has been set up in collaboration with the Depart*ment of Trade to encourage and* facilitate showing at key fairs in export markets. Mr. Tony Cox, an exhibitions consultant who has been involved in this work since 1956, for the Confederation of British Industry and the Government as well as the Chamber, has helped to organise a British presence at *more than 50 overseas fairs and* exhibitions. Often in the first instance it is a question of a hand-holding exercise in which the more experienced introduce newcomers to the problems and opportunities of doing business in a tremendous range of markets, from China and Hong Kong to North America, Europe and Australia. Included among them are territories which either are being pioneered or reopened for Birmingham-based exporters, like Chile, which was visited in May, the Philippines, Gabon and Colombia. In almost every instance the missions represent a broad spectrum of the range of products emanating from the Birmingham area, from traditional real jewellery, fancy goods and hardware to heavy plant and electronic equipment. This kind of initiative is of incalculable value in helping to maintain local employment as well, of course, as bringing back foreign currency.

Another reflection of the Birmingham area's export-mindedness is to be seen in the work of the Containerbase at Perry Barr, to the north of the city centre just off the M6. This handles full container loads and LCL (less than container load) for smaller exporters who deliver to the Containerbase where individual consignments are grouped together into a full load for transporting to Liverpool, Southampton or some other port.

The operation began in a small way in 1969 when the Australian route was containerised, and it grew again in 1972 when container ships were introduced for the Far East. This year traffic again jumped with South Africa being added, an important market for Birmingham goods.

The Containerbase deals in "revenue tons"—1,000 kilos or 2.25 cu metres. In the past 12 months throughput has risen substantially from 1,100 tons a week to 1,500 "and is still improving." Ninety per cent of the traffic arises within a 40-mile radius of the city and despite all the changes and difficulties encountered in world markets the export-import ratio has varied surprisingly little. It fluctuates at around 75 per cent exports and 25 per cent imports, which again underline the involvement of the area with exports and its success in achieving business.

P.C.

SOCIETY TODAY

One-seventh of a good report

WE WILL never have a better social security system in Britain unless we redesign the whole of it from scratch — and even then it may not be possible. The latest proposals for reform of the supplementary benefits scheme, which is a small if hideously expensive part of the whole, are thus unlikely to succeed in either of their two principal aims, the first of which is to give better service to the poor, and the second of which is to contain the cost of doing so.

In saying this I have no criticism to make of the proposals themselves. These come in a workmanlike document* from the Department of Health and Social Security, which set up a team of officials to review the system of payment of what was once known as "national assistance" and is now called "supplementary benefit." The document is clearly written and well-argued. It does not give the appearance of pulling any punches and, indeed, it is more robust than its equivalent might have been if it had been turned out by a well-balanced committee of outsiders.

What is more, its publication represents an exercise in exposing the main arguments to public debate that those of us who complain about secrecy in government can only welcome.

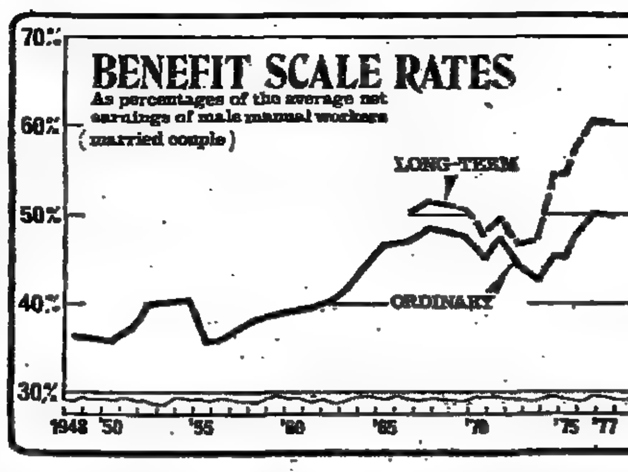
When a report of this kind refers without apology or mitigating phrase to the scheme's "voluminous instructions which cannot be fully assimilated or applied" or to "growing dissatisfaction among claimants and staff alike." or to "inability to use computers to help with the more repetitive tasks," then it is using the kind of language that makes serious-minded discussion between civil servants and those whom they are paid to serve possible.

None of this, however, makes up for the principal deficiency of the exercise, which is its incompleteness. Six years ago total spending on social security accounted for just a fifth of total public expenditure, excluding debt interest. Today the proportion is moving rapidly towards a quarter. Taken at 1977 prices, the actual spending planned for this year is around £14bn, on retirement pensions, invalidity benefit, child benefit, sickness and unemployment payments, and all the other bits and pieces of social security that go to make up the welfare State (that is, before you start talking about rent and rate rebates, or the national health service, or . . .).

Of that £14bn, no more than £2bn is spent on the supplementary benefits scheme, and it is on that one-seventh of the social security system that the report from the DHSS officials is concentrated.

They cannot be blamed for sticking to their terms of reference (and indeed they seem to have made valiant efforts to stretch those terms as far as they could be taken), but the trouble is that we live in a climate of opinion in which re-examination of one-seventh of the problem is simply not good enough. The increasing reluctance of wage earners to pay the necessary taxes has been signalled to us from two sides now — first by the Danes, whose tax revolt under Mr. Mogens Glistrup a few years ago put all West European politicians into a brown study, and, latterly by the Americans, who are demonstrating the damage that a powerful wave of fiscal conservatism can do to notions of welfare. (The Californian tax revolt will have a direct effect on U.S. education expenditure.) The signal has, of course, been received by those in Britain concerned with raising the revenue; the question that remains, however, is whether it is really comprehended by those concerned with spending it.

Our DHSS officials show more than a glimmering of understanding. They record the "background of continuing restraints on public expenditure." But from this they draw the conclusion that, therefore, no radical change in the supplementary benefits system can be made. The claimants — pensioners, the unemployed, single parents, the sick and disabled — are still there and if we cannot pay them enough in ordinary pensions, or unemployment or sickness benefit, or child allowances, then this 10 per cent of our population must continue to resort to the impossibly complicated set of means tests and official calculations that constitutes the "discretionary" system of supplementary benefits payments.



If the necessarily narrow focus is accepted, then the conclusion naturally follows. Fiscal conservatism is not yet strong enough in this country to overcome our civilised desire to provide pensioners, the poor, the unemployed, and the sick with a decent standard of living, or at least one that can be officially defined as such.

Where the challenge from the new wave of anti-tax feeling comes is in asking, "is the narrow approach sufficient?" or "are the assumptions right?" A broader enquiry might have discovered overlaps or inefficiencies between the various systems that make up the other six-sevenths of social security spending. The DHSS report suggests that the main inefficiency is financial (if pensions were higher, fewer pensioners would need a supplementary payment) but the present political need is for a demonstration that this daunting thought is as far as wider investigations would take us.

Again, the question "are the assumptions right?" is the most important of them all. Professionals in the business of social administration know with precision what they mean by "need" and "resources" and the necessary difference between them. What taxpayers or the more sympathetic part of the public may mean could be quite different.

This should not be misunderstood. A re-examination of first principles might just as easily result in the conclusion that social security is not generous enough to most of its clients as the possibly more popular conclusion that it is already too generous and should be cut back. In fact we can see from a quick glance that the verdict would be mixed: too generous to some (students? young single claimants?) and not generous enough to others. The important point is that we need a clear exposition of the best set of principles that British society would adopt in the 1980s not a system based on a wartime design that was itself founded on memories of the 1930s.

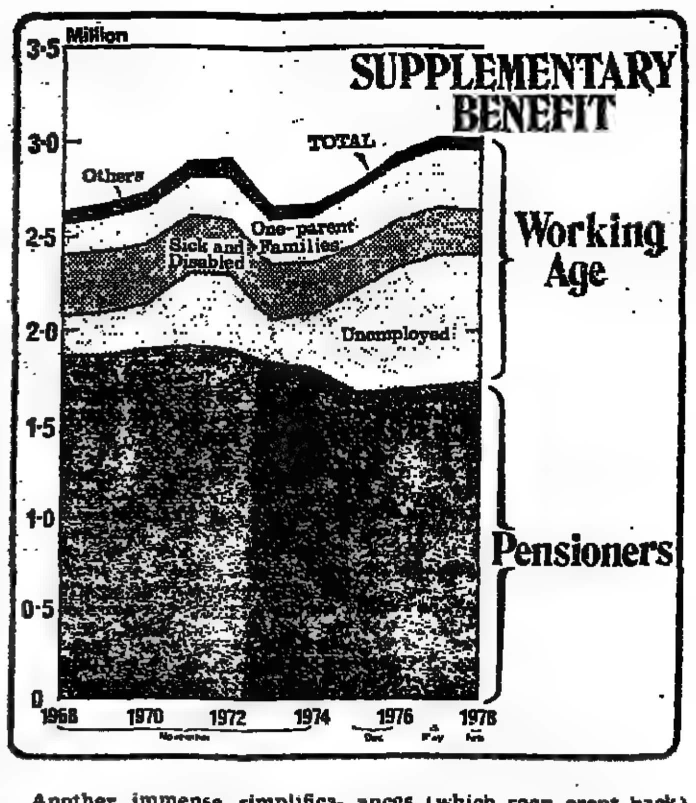
The contrary view might be, "yes but all past attempts to come up with something better have failed because they are too expensive — see the reverse income tax scheme and its allied proposals." This may well be true; and it might also follow that any wholesale re-examination of social security might produce nothing more encouraging. My point is that the attempt should be made: this Labour Government, with its deep inbuilt conservatism, has not even tried.

Against such a background the DHSS officials have not done all that badly. They take their unwieldy Supplementary Benefits Commission as more or less given, and set out the options for trying to make it work better. The essence of their argument is that the tailor-made service (a little extra for coal here, a special grant for clothing there), which was designed to cope with small numbers of people, cannot effectively be administered when there are 3m claimants receiving benefit in any single week.

For one thing, the costs continue to escalate. In 1966 there were about 12,000 officials doing the work, about a third of the staff in the DHSS local offices. Now there are 30,000 working on supplementary benefit — more than half the total staff in the local offices today. They pay out just 14.5 per cent of the budget. For another, the millions of individual judgments made necessary by the system inevitably throw up inconsistencies and challenges, leaving all parties feeling aggrieved.

The officials' chosen way out — put as one of a number of possible choices — involves what they admit would be "some element of rough justice." They want new, simpler, general rules, with discretion reserved for the few extraordinary cases.

For example, one-third of new awards of benefit granted each year are discontinued within a month — that is, the claimant just needed some "tiding over" help. The suggestion here is that a new short-term scheme, with no frills and no attempt at fine tuning, be adopted for all new cases — thus saving much haggling and much administrative time. When cases became long-term, they could be readjusted.



Another immense simplification would be for the Supplementary Benefits Commission to shed the burden of paying rent. The Government could arrange this by rationalising the present system of rent and rate rebates, plus all the other forms of housing subsidy. Our DHSS officials are less able practitioners of "open government" in this matter than they are in others, because the whole subject is now being studied by yet another group of officials, across the departments. One option is a single income-related housing allowance. As with all matters of housing, this might help some, but it would probably have to leave some others worse off if it were not to be prohibitively expensive. This no doubt accounts for the present unfortunate reticence on the subject.

A further easing of the administrative burden might be to replace the existing discretionary allowances by single, and inevitably higher, rates. The last time this was done the result was higher rates, plus the discretionary allowances (which soon crept back). Perhaps that lesson has now been learned.

It will be seen from even this short account of the new review of Supplementary Benefits that the connection between the present scheme and the rest of our welfare system is so close that it cannot properly be ignored. One great saving that could be made in public expenditure would be to spend less on council housing, a policy which would include the extraction of more in rent from those who could well afford to pay. It is by no means axiomatic that the revenue thus made available would be given back to the taxpayers; it could as easily be diverted to more pressing areas of need elsewhere in the system; to, say, the disabled or families on low incomes. But before such changes can be made we need a broader study.

* *Social Assistance. A Review of the supplementary benefits scheme in Great Britain. DHSS, July 1978.*

Joe Rogaly

Letters to the Editor

Funding Gilts

From Mr. A. Ellinger

Sir,—Once again experts are advocating the sale of Gilt-edged stocks by tender and once again other experts are saying that this would be an unsatisfactory solution of the funding problem.

I wonder if my family experience is relevant? The American crisis of 1907 provoked a widespread default by the Chinese textile dealers in Shanghai. Nothing of this kind had occurred before in that port and the importers there and their exporting counterparts in Manchester were faced with a severe problem for the disposal of the goods which had previously been ordered. There was one importing house which had for many years been selling cloths by auction and in this new crisis two others followed this example. All this happened 20 years before I entered the business and I am naturally not cognisant with the details. As far as I know the main goods sold were white shirtings and black tientsin twills. At so early a date there may still have been sales of grey cloth, especially as one of the auction houses certainly at a later date had mills in Shanghai. The compradores of the importing houses kept in close touch with the dealers and the importers gleaned from their reports sufficient information to determine the quantities and qualities to be sold at each auction.

Is the problem of the Bank of England in disposing of Gilt-Edged now so different from that which faced the Manchester exporters and the Shanghai importers in 1908? When it comes to a matter of satisfying a market are short Gilts so different from grey cloth, medium Gilts from whites and long Gilts from the blacks? The objection that the sales might go into the hands of some banks does not seem very grave: is there anything at the moment to prevent the banks from buying top issues?

Surely what is wanted is a technique which enables the vendor to control his volume of sales but saves him from the embarrassment of fixing the price.

The system which was introduced to overcome a crisis lasted in the case of my family business for 20 years.

A. G. Ellinger.
Investment Research.
28, Panton Street, Cambridge.

Nuclear energy

From Professor D. Pearce

Sir,—Two mentions in one week in the Financial Times is, of course, indirect flattery, but David Fishlock's reference to my speech to the Uranium Institute on July 11 (F.T: July 14) as being "scarcely disguised" in its sympathy for "those who opposed . . . nuclear energy" would make Justice Parker's selectivity in reporting Windscale evidence fade by comparison. I am not on record in the Uranium Institute speech, nor in the several other published pieces of work on this issue, nor in any public statement as saying I sympathise with the anti-nuclear opposition.

I do sympathise, indeed openly advocate, sensible and publicly accountable decision procedures in investments with "national" dimensions. The Windscale reprocessing plant and CDFR 1 (commercial development fast reactor) are, in my view, and in that of the Government, such issues. The essence of my argument is that failure to modify planning institutions to account for these requirements will lead us into a situation that is worse from the social standpoint (since conflict will replace debate) and which is worse for the nuclear industry (since delays to installations will be longer, not shorter).

I don't expect agreement with my views, but I do expect accuracy of reporting. Mr. Fishlock may wish to consider whether he has sustained the latter in ascribing views to me that I do not possess nor for which can he cite any evidence.

D. W. Pearce.
Department of Political Economy,
University of Aberdeen.
Edward Wright Building,
Dunbar Street, Old Aberdeen.

A choice of freedoms

From Mr. M. Brady

Sir,—I was much interested to read Mr. Eyres' description of Mrs. Thatcher's Conservatism as "monetarist, free market [and] immigration controlling" ("Right-wing Tory voices fear over Heath return," July 12). Mr. Eyres is one of the more intelligent Tories yet he contradicts himself in less than half-a-dozen words. A free market implies the absence of restrictions on the individual's choice of trading partners yet immigration control constitutes just such restrictions. I trust that Mr. Eyres will have resolved the contradiction in favour of personal freedom by the next time he speaks.

Mark Brady.
3 Elmdene Court,
Constitution Hill,
Woking, Surrey.

Industry and universities

From Mr. R. Jackson.

Sir, — With reference to Mr. Todd's letter of July 7, I would like to make a point concerning graduates with purely "academic" backgrounds.

I accept that the study of logic, philosophy and history does instal a certain amount of mental ability, but believe such ability is only one of the many requisites of the modern industrial and commercial environment. I have become increasingly convinced that our universities could do far more to prepare students for the "real world" of industry and commerce.

All too often, graduates enter industy with little or no appreciation of any of the basic management techniques and it is normaly some considerable time before they become effective. In my view this "acclimatisation" period could be reduced if more of our university degree courses included "management and business studies" in addition to the conventional academic subjects.

Robert Jackson.
(Senior Project Manager).
Handley-Walker Company.
Essex House, 27, Temple Street,
Birmingham.

Wines on display

From the Overseas Sales Director,
Expo of World Wines

Sir,—In his article on the wine industry (July 11), Mr. Kenneth Gooding suggests that the Wine Fair which opens at Bristol on July 19 is "the first world wine fair" to be held.

World wine exhibitions have their origins in the industrial exhibitions of the last century which developed on a large scale after the Great Exhibition of 1851 in London. The French reply to this particular event in 1855 was probably the first-ever wine exhibition, but it was mainly for growers from the Bordeaux area.

The first truly international wine exhibition was the Exposition Universel Vinicole in Paris in 1889 when there were 6,000 exhibitors from 34 different countries in the wine classes alone; 25,000 different individual samples of wine were shown, 1,440 of spirits and 5,000 of exhibits in the viticulture and other classes. By 1900 the wine exhibitions reached their climax when 10,000 exhibitors showed 35,000 individual samples of wine in Paris. The importance of these exhibitions revolved around the competitions in each class in which medals and awards were keenly contested.

The wine industry has never seen the like since, so it is this achievement and occasion that we will be seeking to recreate every two years starting with World Wine Expo '79, which we hope will come to be recognised as "the Olympic Games of Wine."

Michael Von Berg.
Expo of World Wines.
7, Eccleston Street, SW1.

Venture capital

From Mr. C. von Luttitz

Sir,—Your article on "Venture capitalists" (July 11) pointed out correctly that few of the companies mentioned could indeed be regarded as true venture capitalists.

The term "venture capital" covers many varied requirements including finance for innovative development, prototype development, start-ups and young companies without asset backing; others may add other categories. To be helpful to potential users of "venture capital," it is necessary to specify which of the above categories different sources will back.

Your article also presented a group of companies as "the venture capitalists" when several of them require a history of minimum profits which puts their investee companies above the strict definition of "venture capital." On the other hand there are companies outside the "group," who are probably more directly involved in supplying at least some types of venture capital.

Particular problems in this field are the reluctance of most small business financing institutions to give active management assistance to their investments, and the shortage of institutional sources willing to provide fully risk sharing finance for the very small start ups partly because they will not undertake the necessary marketing research and appraisal.

Christoph von Luttitz
Capital Partners International
Westland House,
17c Curzon Street, W.1.

Delays in the mail

From the Managing Director,
Bryans Southern Instruments

Sir,—The recent correspondence concerning the postal delays was published during the time in which I was carrying out a survey of delivery times of letters received in this company.

Over the last 2 weeks we have received over 700 letters by second and first class and overseas post (these do not include obvious mail shots or letters where the postmark was blurred to the point where we could not identify the actual posting date). Analysis of the 700 letters indicates the following.

The average delivery time for second class post was 4.25 days but that actual delivery can be as short as 2 days and as long as 12. Forty-two per cent of the second class post took more than 5 days to arrive and 1 per cent took more than 10 days to arrive.

Of the first class mail, average delivery time was 1.6 days but 17 per cent took 3 or more days to arrive (despite the Post Office claim that some 95 per cent is delivered the following day).

Average overseas post took 8.6 days and of these letters 15 per cent took 10 days or more, while only 7 per cent took 4 days or less.

Our overseas post comes from all over the world but the great bulk is received from our agents in the capital cities of Europe and one would therefore expect to receive their post within 3 days. In practice, much of the mail, particularly from France and Italy, is taking well over a week and we frequently find that of letters posted several days apart, the one posted last arrives days before the one posted first.

Apart from the very high cost of postage for such incredibly inefficient service, I now also recognise why the telecommunications side of the Post Office is so profitable, because with urgent overseas mail taking so long we frequently have to resort to unnecessary telex and telephone communications in order to sort out problems which should be rightfully sorted out by normal correspondence.

It seems incredible that 25 years ago, as young sailors in Hong Kong, we were able to receive mail from the UK in 3-4 days regularly and yet today, where communication is even more vital, our average delivery times are 3 times as long for only one tenth of the distance.

J. W. Lodge.
Willow Lane,
Mitcham, Surrey.

The SUITs loan

From Mr. G. Robertson

Sir,—I refer to the "Suits" report (July 15, Back Page), in particular the second last paragraph. Your report omits to mention that the Sheriff qualified his remarks about all the accountants failing to notice the misclassification of the loan by saying that Mr. Robertson who prepared the accounts in draft form, did show the loan correctly in his working papers.

By ommission, therefore, you have included me along with all the other accountants who quite frankly were made out to be incompetents.

For some two years now, since this matter came to the attention of the public I have fought tooth and nail against what at times appeared overwhelming odds to clear myself of the charge, put against me by the then auditors of Suits, Touche Ross and Co., the Stock Exchange and Suits itself, of making the original misclassification error. Indeed it may be of interest to you to know that it was through these efforts to prove myself innocent that the case against the Suits directors was brought.

I am therefore asking you to correct the erroneous impression which your article gave and print the full section of the judgment dealing with this point so that the record is put straight once and for all.

G. Robertson.
31, St. Anne's Drive,
Giffnock, Renfrewshire.

Today's Events

GENERAL

Prime Minister and other Cabinet members discuss imminent White Paper on pay policy with TUC General Council.

Unemployment figures (July, provisional).

Two-day meeting between Egyptian and Israeli Foreign Ministers opens at Leeds Castle, Kent, chaired by Mr. Cyrus Vance, U.S. Secretary of State.

EEC considers the Community budget, Brussels.

U.S. Government holds third of six monthly gold auctions.

British Gas Corporation annual report.

British Airports Authority annual report.

Prince of Wales visits fishing industry at Hull and Grimsby.

Sir David Steel, chairman, British Petroleum, addresses American Chamber of Commence lunch on "Oil and Energy in the North Atlantic," Savoy Hotel, W.C.2.

Sir Richard Marsh, chairman, Newspaper Publishers Association, presides at "Newsboy/Newsgirl of the Year" dinner, Savoy Hotel, W.C.2.

PARLIAMENTARY BUSINESS

House of Commons: Statement by Prime Minister on his return from Bonn economic summit. Scotland Bill, consideration of Lords amendments. Guillotine motion on Wales Bill.

House of Lords: Statute Law Repeals Bill, committee. Employment Protection Bill, report stage. Iron and Steel (Amendment) Bill, third reading. Homes Insulation Bill, Employment (Continental Shelf) Bill, and Parliamentary Pensions Bill, committee. Community Service by Offenders Bill, report stage. Civil Liability (Contribution) Bill, second reading. Debate on aid for victims of crime.

COMPANY RESULTS

Final dividends: Birmingham Mint; Brotherhood (Peter); Hong Robinson Group; Illingworth Morris; Jones Stroud (Holdings); Magnet and Southerns; Syltone: Thorn Electrical Industries.

COMPANY MEETINGS

Adda International, 83, Chiltern Street, W., 11.30. Bankers' Investment Trust, 77, London Wall, E.C., 2.30. Continuous Stationery, 87, Eaton Place, S.W., 12. Dawson International, Edinburgh, 11.45. Land Securities Investment Trust, Devonshire House, Piccadilly, W., 12. Parkland Textile, Leeds, 12.30. Time Products, Connaught Rooms, W.C., 12. Westpool Investment Trust, 120, Cheapside, E.C., 4. Whitbread, Chiswell Street, E.C., 12.

COMPANY NEWS

Currency swing leaves Rank £3.5m lower at £57.6m

WITH CURRENCY movements wiping £13m from the Xerox companies' trading contribution, taxable profit of **Rank Organisation** dipped from £61.07m to £57.55m in the 28 weeks to May 13, 1978.

Turnover for the period was up from £206.79m to £222.03m and the group's trading profit was £12.48m (£11.19m). The Xerox contribution was down from £60.46m to £53.65m while other associates contributed £2.38m (£2.27m).

Directors say results of the Rank Xerox companies last year benefited substantially from currency movements and that this year's decline masks an underlying performance growth of some 12 per cent.

Mr. Harry Smith, the chairman says there are good reasons to believe — subject to currency influences — that the group can maintain, overall, a rising trend in profitability in spite of the difficult economic conditions faced in many markets.

After interest of £11.17m compared with *£12.86m last time and* tax of £28.71m (£28.07m) net profits came out at £28.84m (£33m) before minority interests of £1.24m (£1.72m).

Earnings per 25p share are shown at 15.8p (17.9p) and the interim dividend is lifted from 2.1875p to 4p net to reduce disparity. Last year, from record *profits of 124.46m, a 5.348622p final* dividend was paid.

Mr. Smith says Rank Precision Industries continued to trade satisfactorily although markets *are increasingly competitive.* Rank Radio International made further progress in reducing the level of losses through improvements *in operating efficiency and a gain* in market shares.

Rank Audio Visual had a disappointing period. Demand was static and margins unsatisfactory. Since end of the period, there has been some improvement. Rank Film Laboratories figures were better than last year and the video centre made progress.

Butlin's results are not included but results for the year are expected to be better than 1977 with reservations running ahead of last year and newly acquired facilities in France also showing *a satisfactory level of bookings.*

On Rank Industries, Australia, he says the decline in the market in Australia for colour television sets and other consumer durables *has been more severe than* expected and the Board does not anticipate any marked improvement during the remaining months of the year. Nevertheless, subsidiary's position as a market leader in colour television, with action to broaden its product range, provides a sound foundation for the company's future and will lead to satisfactory results as soon as market conditions improve.

Further sales of UK property have been concluded or agreed to realise £7.72m, in excess of *book value and the directors'* valuation at October 31, 1977. The excess is not included in reported profit.

Rank Hotels maintained the level of trading achieved last year and bookings for coming months at London hotels are at a high level. In film exhibition, largely because of two exceptional films, *admissions have shown a* substantial increase and results have accordingly shown a marked improvement. Other leisure activities, including Top Rank *Clubs, are performing satisfactorily.*

Rank Precision

At **Rank Precision Industries,** the subsidiary, pre-tax profit was down from £34.87m to £31.09m after including Rank Xerox profits of £26.83m (£30.23m), a £3.07m (£2.84m) trading profit, interest of £1.61m (£2.17m) and interest paid of £0.42m (£0.37m).

After tax of £15.43m (£15.82m) *and minority interests of £0.44m* (£0.42m) attributable profit was £15.22m (£18.62m). The company has already declared two interim dividends totalling 148.5p per £1 *share. Last year dividends* totalling 191.5p were paid on full year profits of £60.86m.

Mr. Smith says currency movements reduced the Xerox profits before tax by £8.5m in comparison with results for the corresponding period last year.

The results for Rank Precision Industries for the period were closely in line with those for the same period last year and it is expected that this trend will continue for the remainder of the year, he says.

See Lex

INDEX TO COMPANY HIGHLIGHTS

Status Discount jumps to £1.6m in first half

RESULTING FROM increased demand stimulated by promotional activity of own-label products, particularly paint and self-assembly kitchens, pre-tax profits of **Status Discount** leapt to £1,621,000 for the 29 weeks to June 17, 1978, compared with *£396,000 for the previous 28 weeks.* Sales jumped from £11.77m to £16.41m.

Provided demand for the company's products continues, then *full-year results should be highly* satisfactory, say the directors. For all 1976-77, a record £1.73m taxable profit was achieved.

They report that closure of the *smaller, uneconomical units has* continued and at June 17, 1978, the company was trading from 48 locations. At least four new stores will be opened in the second half and the company is making significant progress with its policy of upgrading existing stores.

After tax of £859,000 (£294,000) net profits for the period were ahead from £302,000 to *£762,000.* The net interim dividend is lifted to 2.01p (0.65p) per 10p share costing £161,000 (£46,000) last year's final was 3.409p.

As a result of the disposal of three freehold properties, long term borrowings have been further reduced to £58,000. The directors say facilities available to the company are more than adequate to cover foreseen working capital requirements.

Net surplus on the disposal of freehold properties based on original cost less tax amounted to £225,000 (£406,000) at June 17, 1978. This comprised a surplus on revaluation now realised of *£230,000 less an £8,000 deficiency* of proceeds against book value, offset by a £3,000 adjustment of deferred tax arising on disposal of assets.

Properties sold in 1977 were leased back. The 1978 pre-tax result was after a £23,000 charge for depreciation.

● comment

The market had been banking on some exceptional figures from Status so half time profits only 5 per cent below the record level for the whole of last year had little impact on the shares. The success at Stuarts reflects the concentration on own label products—60 per cent of sales—where margins are at least twice *as high as in branded goods* while the saving to the consumer ranges from 15 to 40 per cent. Demand for kitchen furniture has been particularly strong and now accounts for around 65 per cent of group sales against 40 per cent last year. Paint has also been a strong mover as own label products continue to gain market share from the brand leaders. The trend has continued into the traditionally stronger second half so Status could be heading for around £3¼m pre-tax. That would put the shares at 180p on a more realistic *p/e of 8½ but a yield of* under 4 per cent (covered over five times) may be an inhibiting factor in the absence of any bid approach.

Montague Meyer down £1.3m after overseas setback

SECOND HALF profits of **Montague L. Meyer,** timber *merchant group,* fell from £6.63m to £5.48m and left the pre-tax figure for the full March 31, 1978 year down at £12.95m against £14.29m.

In *their* interim statement the directors reported a slight downturn from £7.66m to £7.47m but added that since the end of September profitability had been *maintained* at a satisfactory level. They said the strength of sterling, in relation to currencies of some supplying countries, may cause a temporary reduction in margins *in the last* quarter.

Turnover for the year was ahead by £25m to £247m. After tax £5.66m, reflecting the benefits of allowances in respect of capital expenditure and stock relief, compared with a low £1.52m, earnings are shown to be down from 21.4p to 12.7p per 25p share and 11.3p (12.6p) on a 52 per cent tax charge.

The dividend is stepped up to 4.67311p (4.16846p) net with a final payment of 2.97311p, based on a 33 per cent ACT.

	1977-78 £000	1976-77 £000
Turnover	247,000	222,000
Profit	19,575	22,228
Depreciation	2,619	2,386
Interest payable	4,527	5,290
Trading profit	12,429	14,552
Share of associates	523	(257)
Profit before tax	12,952	14,295
Tax	5,662	1,516
Net profit	7,290	12,779
Extraord. debit	—	648
Minorities	312	428
Attributable	6,978	11,703
Preference dividends	10	10
Ordinary dividends	2,545	2,274

A geographical analysis of profits shows that earnings in the UK were only marginally lower despite *falling softwood prices* and the need to write down stocks to net realisable value. The main reduction, they say, was in Australia and the Far East whose contribution to profits declined from £1.23m to £250,000.

Pre-tax profits included associates' contribution of £523,000 compared with a £257,000 loss last time.

Attributable profit £6.98m (£11.7m) emerged after minorities £312,000 against £428,000 and, for last time, an extraordinary debit of £648,000 which was the amount written off investment in an associate company.

A current cost statement prepared in accordance with the Hyde guidelines shows a pre-tax profit of £14.3m and retentions of £5.7m.

The balance sheet has been strengthened, director state, as a result of the £15m medium term loan raised during the year, and short-term borrowings have been reduced by a similar amount.

See Lex

A. Preedy 13% ahead to £1.2m

AFTER ADVANCING from £0.2m to £0.29m at halfway taxable profit of Alfred Preedy and Sons ended the March 25, 1978, year ahead almost 13 per cent higher at £1.21m against £1.07m previously. Turnover rose 17 per cent from £46.06m to £54.25m.

Directors said in January they were budgeting for a further improvement *in trading in the* second half.

After tax of £257,007 (£73,960) and minority interests, attributable profit came out at £0.95m (£0.99m).

As forecast at the time of its one-for-four rights issue a final dividend of 2.275p takes the payout from 1.422195p to 2.85p net per 25p share. Earnings per share are shown at 13.65p against 14.74p last time.

Preedy is a wholesaler and retailer of tobacco, confectionery, stationery, books, magazines, etc.

● comment

While in line with rights issue forecast, Alfred Preedy's full-year profits rise of nearly 13 per cent reflects difficult trading in the second half. The problem is on the tobacco side which is having to contend with declining consumer demand (cigarette sales are around 6 per cent lower for the period) and a retail price war. This is putting pressure on margins and there are no signs of any improvement. While tobacco sales are 13 per cent higher (a figure which contains a duty increase), the contribution to group turnover dropped from 69 per cent to 67.5 per cent. There was little support from newspaper sales—profits from this area were £16,000 lower because of the wholesalers' dispute. Meanwhile the £0.84m rights has substantially improved the balance sheet and with the cash balances up from £0.18m to £1.2m, Preedy has plenty of scope for acquisitions and new openings in the current year. So far 12 new branches are in the pipeline, with the possibility of another eight to be confirmed. With most existing outlets in a static position, Preedy will have to lean heavily on new openings for growth in volume sales. At 85p, the shares are on a p/e of six while the yield is 5.2 per cent. This compares with *Martin the Newsagent's* 6.4 and 4.4 per cent.

Advance by Mann Egerton

WITH TURNOVER higher at £153.5m against £117.8m, taxable profits of Mann, Egerton and Co., a wholly-owned subsidiary of Inchcape and Co., advanced from £3.56m to £4.62m for the year ended March 31, 1978.

At half-time, profits were better at £2.11m (£1.65m), which included Lighting and Leisure Group results with effect from July 5, 1977.

The directors state the current year has begun well and unaudited profits for the first three months show an improvement of more than 50 per cent above last year's comparable period.

The 1977-78 result was struck after interest of £784,000 (£176,000), but was before tax of £2.33m (£1.86m). Profits attributable to ordinary holders emerged ahead from £1.64m to £2.22m.

The group's business includes motor and electrical engineering and manufacturing.

RIT revenue up £0.5m—pays 7p

THE DIRECTORS of **Rothschild Investment Trust** are lifting the dividend for the March 31, 1978, year from 5.5p to 7p net per 30p *share with a final payment of* 5.5p, based on 33 per cent ACT, from basic earnings of 9p per share against 6.33p last time; fully diluted they are 8.7p (6.7p).

Revenue for the year emerged £0.31m higher at £2.12m after all charges, including tax of £1.73m against £1.65m. Dividends absorb a total of £1.33m (£1.04m).

As at March 31 net assets totalled £51.25m (£39.9m) and assuming full conversion of convertible loan stock, convertible loan notes and convertible preference shares, they are shown as £73.17m (£64.38m).

Net asset value per share is given as 269p (211p) and 256p (216p) post conversion, and 325p as at July 11, 1978 compared with 265p post-conversion. At March 31 the holdings in Magnum Fund and its subsidiary were valued at £13.10m: some £18.67m, being the estimated sterling equivalent of the proceeds from the sale of these holdings, is included in the net asset value figure as at July 11.

Directors state that at March 31 £8,891,225 nominal of convertible loan was outstanding and that since then a further £395,000 *nominal has been purchased for* cancellation.

Rothschild, which has a 10.3 per cent stake in Leslie and Godwin, has accepted the merger offer *terms from Frank B. Hall, U.S. insurance broker,* of 125p cash, for each ordinary share held.

RIT also announced yesterday that it had acquired 711,500 ordinary shares (some 11.8 per cent) and £122,300 9 per cent conversion unsecured loan stock, 1990-95 (some 13.4 per cent), in Royal Worcester.

	£000 1977-78	£000 1976-77
Dividends, interest	3,650	4,017
Underwriting, dealing, etc.	1,146	556
Property deficit	241	81
Leasing income	569	565
Managmt. expenses	432	344
Interest	1,073	1,291
Tax	1,732	1,651
Net revenue	2,125	1,610
To minority interest	—	4
Making	2,117	1,606
Preference divs.	411	412
Leaving	1,704	1,194

● comment

Rothschild Investment Trust has performed better than average. The 18.5 per cent increase in post conversion net asset value per *ordinary shar over the year was* based on growth in value of plantation investments, the strength of its Sotheby's holding and the Lep Group investment. Group profit after all charges rose 31.6 per cent and the dividend to shareholders is up by 27 per cent. There were changes within the group revenue which ereflehmted the revenue which reflected the RIT's interest in Wedd Durlacher from an investment in a company to *an investment in a partnership.* As a result revenue from dividends and interest dropped while underwriting, dealings and jobbing *income rose.* The market reacted favourably to the result and the shares closed at 209p giving a yield of 3.2 per cent. The price represents a 41 per cent discount of the unaudited backing as at July 11, taking in the Magnum sales proceeds.

Abbey expects to lend £1.4bn this year

ASSETS OF the **Abbey National Building Society** rose during the first half of 1978 by 8.3 per cent to reach £5.86bn. In the first half of 1977 they grew by 10.5 per cent, while during the year as a whole they rose by 24.5 per cent.

Figures published *yesterday* by the Abbey, the UK's second largest building society, showed that gross receipts during the first half of 1978 reached a record £1.37bn but withdrawals also reached a new half-yearly high at £941m.

The society advanced £710m during the first six months of 1978 against £433m in the first half of last year and £1.1bn for 1977 as a whole. Total lending this year says Mr. Tim Timberlake, chief general manager, is likely to be in the region of £1.4bn.

The Society's ratio of liquid funds to total assets stood at a "thoroughly satisfactory" level of 19.72 per cent compared to 20.81 per cent at the end of 1977 and 18.80 per cent, 12 months before. The Abbey's reserve ratio rose to 3.72 per cent by the end of June this year against *3.5 per cent at the same stage* in 1977.

At the end of June, shareholders' and depositors' balances stood at £5.32bn against £4.31bn a year earlier. Mortgagors' balances rose to £4.6bn from £3.8bn.

Reed Nampak ahead in first half

Pre-tax income of **Reed Nampak,** 62.6 per cent owned subsidiary of Reed International, *rose from* an adjusted R10.67m to R14.31m for the first half of 1978, on turnover ahead by R11.28m to R76.84m.

Pre-tax income for the whole of *1977 was R24.27m on turnover of* R141.7m.

Directors say that the improvement in first half results can be attributed to increased sales volumes, significant cost and waste reductions, together with better profits in recently acquired businesses. Taking into account the expected upturn in the economy and the better trading conditions normally experienced in the industry in the second half of the year, the results for that period should show an improvement on those achieved in the first half, they state.

Directors explain that figures for the 1977 first half have been adjusted to include the attributable *earnings of the printing and* packaging interests acquired from Reed Corporation (Pty) on November 1, 1977, with effect from January 1, 1977.

Tax for the period took R5.87m (R4.55m) leaving net income up by 38 per cent from R6.12m to R8.44m. Earnings per share are given as 37.6 cents (28.6 cents) for *the half-year,* and 66.4 cents *for the* 1977 year.

The interim dividend is increased from 11 cents to 16 cents—last year's final was 18 cents.

Including associates' share of net income of R0.74m (R0.85m), the attributable balance came out at R9.03m (R6.86m) after minorities R129,000 (R83,000) and preference dividends R31,000 (same).

ISSUE NEWS

£3m variable rate stock by Wandsworth

London Borough of Wandsworth is placing £3m Variable Rate Stock 1983 at £99¾ per cent.

The issue, payable in full on application, will be redeemed at par on July 20, 1983.

Interest will be payable half-yearly on *January 20 and July 20.* The first payment will be made on January 20, 1979, amounting to £5.6558 per cent. Subsequent payments will be ¾ per cent per annum *above LIBOR, which is ¼* per cent higher than on earlier issues.

Stock certificates will be posted on July 19, 1978.

The *placing* has been arranged by Pember and Boyle.

WHITECROFT SUB-DIVISION

Whitecroft is proposing to split its 30p Ordinary shares into 25p units in order to aid marketability.

If the directors' proposal is approved at an EGM on July 31, the new shares will be traded from August 7.

Also proposed is an increase in the group's *borrowing limit frfom* £9.5m to £35.5m. The board says, however, that it does not intend to take advantage of the new limit to any great extent in the foreseeable future. *Borrowings amounted* to about £8.5m at the end of last year.

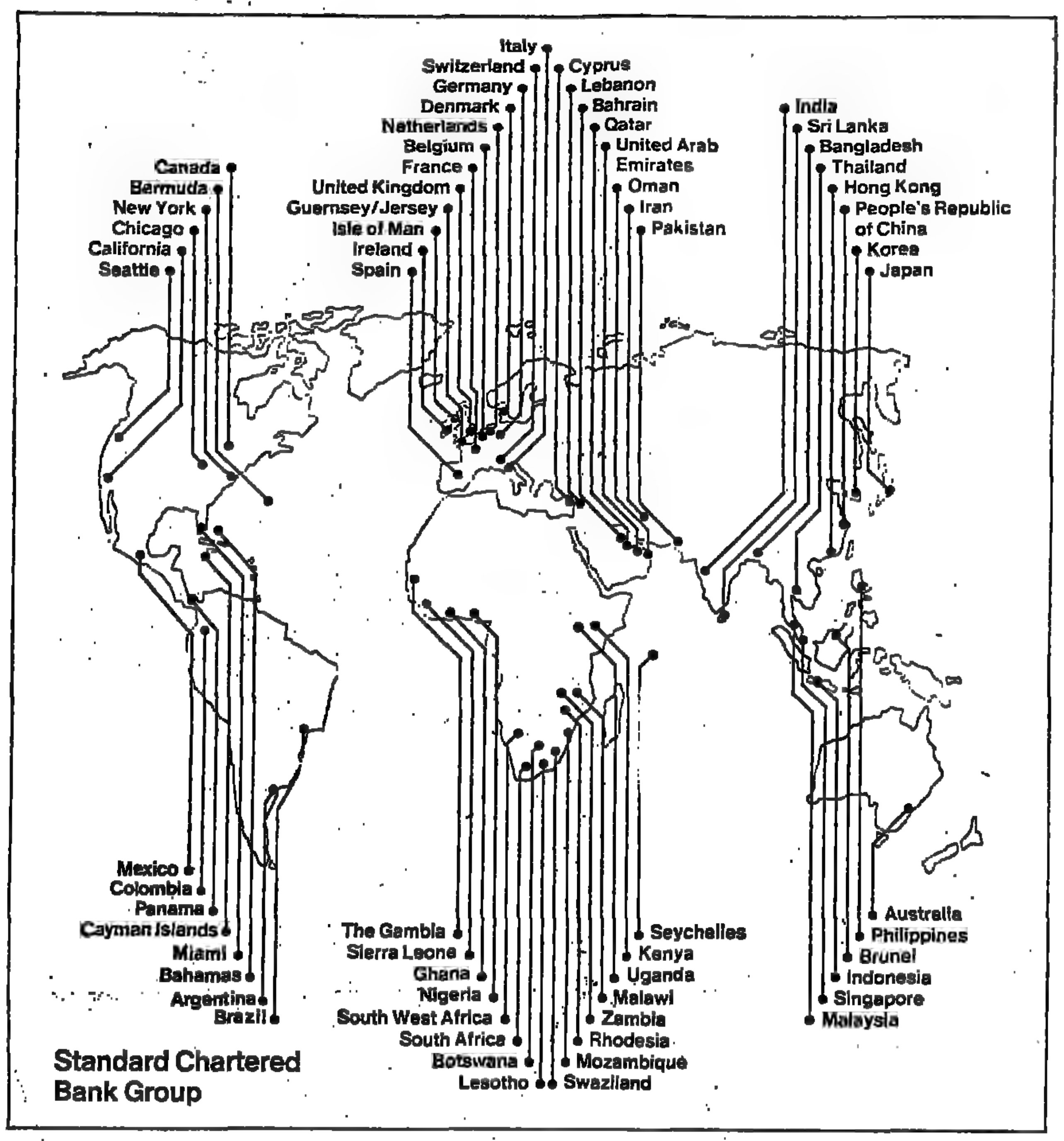
It is also proposed to update preference shareholders' rights and increase the net preference dividnd from 3.85 per cent to 4.1 per cent.

Whitecroft has interests in textiles, building and engineering supplies, engineering and construction.

Standard Chartered BANK LIMITED

1976

Comments by the Chairman, The Rt. Hon. Lord Barber



GROUP RESULTS

The trading profits of the Bank and its subsidiaries for the year ended 31st March 1978 were £107.2 million and the Bank's share of associated companies' profits amounted to £18.9 million, giving total profits before taxation and extraordinary items of £126.1 million. This compares with £109.9 million in the previous year. Earnings per share amounted to 78.9p against 69.9p last year. At the end of March total Group assets stood at £8,494 million, compared with £7,653 million a year earlier.

When judging the results for the year it should be borne in mind not only that the economic climate in which the profits were earned was in general unfavourable, but also that, compared with last year, overseas earnings in sterling terms were reduced by the appreciation of the pound.

GROUP STRATEGY

The prime objective of our Corporate Strategy is to strengthen our position as a leading international bank and we are doing so by expansion in present and potential growth areas, extension of existing networks and the acquisition and establishment of new subsidiaries. We are concentrating on those activities in which we have proved our ability to succeed, namely commercial banking. In the course of the year the Bank and its subsidiaries opened or acquired a further 61 offices in various parts of the world, and we have increased our capacity to provide ancillary financial services.

More recently, shareholders will have seen the announcement of the agreement in principle for the acquisition by Standard Chartered of the business and assets of Union Bancorp in California, the main subsidiary of which is Union Bank. This is the most important development since the Standard Bank and The Chartered Bank joined forces just over eight years ago. The merger of our existing subsidiary in California with Union Bank will give Standard Chartered a substantial dollar based business in a major growth area. It will also improve the strength and balance of our worldwide banking operations.

STAFF

It may come as a surprise to some to learn of the size of the Standard Chartered family. At the end of 1977 employees of the Bank and its subsidiaries numbered 41,828.

The Group has in its constituent parts employees of all races and creeds, and wherever we operate throughout the world our policy is to create conditions for advancement on merit.

THOUGHTS ON STABILITY

I should like now to turn to a matter of direct concern to Standard Chartered, namely the free, or relatively free, pricing of currencies. Having had experience from a government standpoint with both fixed parities and floating rates, I have no doubt that the floating system is to be preferred. The world has in general been spared the very large speculative flows and harmful periods of suspense experienced under the fixed parity system while an official seal was being put on rate changes already foreshadowed on the markets.

Yet in terms of steadiness the floating system leaves much to be desired. Shifts in the view taken of currencies have generated understandable and legitimate attempts among dealers and businesses to anticipate market reactions, and their predictions have often been self-fulfilling.

In Europe, governments now have an opportunity to move towards agreement on a policy of constructive stabilization. The recent proposal of the West German Chancellor that there should be a partial pooling of official reserves within the European Economic Community with a view to more powerful and concerted intervention in currency markets points the way forward.

Some may view action of this kind as presaging moves to full Economic and Monetary Union. This is to place vision above practicality. The type of co-operation which I have touched upon, realistic in its aims and within the reach of governments, could contribute much to the confidence of the international trading and financial community.

Total Assets exceed £8,400m
Total Deposits exceed £7,900m
1,500 offices in 60 countries around the world.

Copies of the Report and Accounts and of the Chairman's Statement may be obtained from the Secretary, 10 Clements Lane, London EC4N 7AB

Standard Chartered helps you throughout the world

BIDS AND DEALS

Two further purchases takes BTR U.S. spending to £29m

BY ANDREW TAYLOR

BTR, the British engineering group, has paid $10.3m to acquire two further U.S. companies — Lindsay Wire and Hamilton Kent—lifting its potential spending on U.S. acquisitions to more than $55m (£29m) in just over a month.

The group last month launched a $45m bid for Worcester Controls, the U.S. valves company.

Lindsay Wire—the larger of the two acquisitions announced yesterday—is claimed to be the fourth biggest U.S. manufacturer of forming fabrics, used in paper production while Hamilton makes gaskets, pipes and other products for the sewage and water supply industry.

BTR is forecasting joint sales of $20m (£10.5m) and after tax profits of $2m (£1.1m) for its two new acquisitions in the current year.

The Worcester Controls bid, however, is the major plank in the group's expansion plans in the U.S. — where it has felt under-exposed for some time. Last year U.S. sales of £32m were just 13 per cent of total group sales of £241m.

On current projections American sales could double as a result of the recent takeover moves there. The British group already has acceptances representing 47 per cent of Worcester Controls and now awaits the outcome of a shareholders' meeting expected to be held some time next month.

The net assets of BTR's American-controlled subsidiaries could be increased by around £25m from the current level of £33m as a result of the three deals.

Staveley buys

Meanwhile, in another U.S. deal, Staveley Industries announces that it has some 96 per cent of the capital of Electroscale Corporation of Santa Rosa, California.

Electroscale is a four-year-old company specialising in micro-electronic technology. The company currently produces a range of products for weighing, controlling and recording industrial and commercial processes.

At October 31, its net tangible assets were U.S.$501,731, and pre-tax profits were U.S.$490,900 for the half-year to April 30, they were U.S.$367,000.

The maximum cash consideration for the acquisition of the whole of the issued and outstanding share capital of Electroscale is U.S.$5m. An initial payment has been made of U.S.$2.8m. The rest of the consideration, which will include that due under an option to acquire in 1979 the outstanding 4 per cent, is payable over the next 18 months and is dependent upon the level of Electroscale's profit before tax in 1978 and 1979.

THOS. TILLING EXTENDS OFFER FOR FLUIDRIVE

Thomas Tilling has extended its £5m share offer for Fluidrive Engineering until further notice, although its bid has been topped by a £5.5m offer from Associated Engineering which has the recommendation of the Fluidrive board.

Tilling has received acceptances covering only 31,220 shares. Tilling's managing director, Mr. P. M. Meaney, said the extension was a strategic move designed to keep options open.

But while its Fluidrive hopes are fading Tilling is actively chasing alternatives in the U.S. At least one industrial transmission acquisition is expected to be announced before the end of this year and there is a possibility that two or three bids will be made in order to establish a broad transmissions product range.

H & C now facing Far East threat

BY JAMES BARTHOLOMEW

Harrisons and Crosfield has won control of 80.76 per cent of Harrisons Malaysian Estates. But it has no tmanaged to shake off the attentions of Kien Haut Realty Senderian which now owns 4,950,806 shares (11.2 per cent) of Harrisons and Crosfield.

Kien Haut is the parent of Genting Highlands Hotel which previously attempted to get a piece of the Harrisons and Crosfield empire when it bid for Golden Hope Plantations in 1976.

Kien Haut has a bigger stake in H and C than most observers expected. In addition to obtaining shares in H and C through accepting the offer for HME, Kien Haut also had a direct stake in H and C of some 934,000 shares.

Mr. Tom Prentice, chairman of Harrisons and Crosfield, said yesterday that he was satisfied with the outcome of the bid for HME. Now that the offer had closed, HME could resume negotiations with the Malaysian Goverment about the terms on which it would be "Malaysianised," he said. HME is aiming to sell a 10 per cent stake to Bumiputras (indigenous Malays) but the Government might wish a higher percentage to be sold to them.

● comment

Harrisons and Crosfield has consolidated control of its empire but the story is not over yet. H and C faces possible threats on two fronts. The "Malaysianisation" of HME must now proceed and the Government is expected to be as tough as possible after all the delay. Secondly, Kien Haut's 11.2 per cent stake could form the base for a build-up of Far Eastern interests in H and C. But H and C itself will not sit on its hands. Expect H and C to bid now for industrial companies outside the Far East to make itself less attractive to local companies and too big for most predators to swallow. Its market capitalisation is already £233m.

WETTERN BROS.

The directors of Wettern Brothers have reaffirmed their opposition to the latest 120p per ordinary share offer from W and J Glossop in a letter to the company's shareholders. Mr. J. H. Wettern also tells shareholders that—in the absence of unforeseen circumstances—profits in the current year will be in excess of those for the previous year.

BMCT offer for Weston-Evans

The shares of Weston-Evans, the engineering group, rose by 15p to 123p yesterday to match the surprise announcement of a 124½p a share cash bid from the major shareholder, Birmingham and Midland Counties Trust.

However, the rise did not take into account a rapid rejection late last night by the independent directors who say that it is inadequate.

BMCT is a private company controlled by Mr. Graham Ferguson Lacey and Mr. Cecil McBride. It bought a 26 per cent stake in Weston last April from Barrow Hepburn at a price of 100p and brought this up to 29.9 per cent with further purchases, including the Sun Life Assurance stake.

At that point both Mr. Lacey and Mr. McBride were co-opted to Weston's Board which announced that the two men had indicated that their purchase was for investment purposes only.

However, yesterday BMCT announced that it had picked up a further 12.1 per cent at prices up to 124½p and would now be extending the same price to other shareholders.

In a move which is now becoming a hallmark of Mr. Lacey, however, BMCT will retain only 51 per cent of Weston and intends to place any surplus shares with institutions. In 1976 Mr. Lacey carried out a similar move by acquiring 66 per cent of William Reed, the carpet group, and then diluting his own holding, through Birmingham, to 40 per cent.

HOWARD TENENS SALE TO TRAFPAK

Howard Tenens Services has entered into a contract with Trafpak, a subsidiary of Pakhoed Holding, N.V. for the sale to Trafpak with effect from April 1, 1978 of the Howard Tenens forward division comprising Air Wingate, Wingate, and Tenens Wingate Travel.

The contract is subject to Bank of England approval. Consideration amounts to £393,376 and is subject to adjustment by £1 for each £1 by which the net assets of the forwarding division are more or less than £189,232.

In the year to March 31, 1977 the division made a loss of £483,000 after exceptional items against an estimated profit in 1978 of £50,000 before tax. The directors state that as a result of this disposal, turnover will reduce substantially, but there should be no material effect on profits.

The proceeds compensate for the positive cash flow inherent in the business and no change in group borrowing is envisaged.

ALLIED CITY TRUST

Birmingham Imperial Trust is now poised to announce its takeover terms for Allied City Share Trust—more than a year after Allied's announcement that merger terms had been agreed in principle.

Mr. Geoffrey Simon chairman of Allied said yesterday that while in broad terms agreement had been reached in May last year several technical problems had arisen which had been the subject of protracted negotiations. However, an offer document is expected to be sent to Allied shareholders shortly.

Birmingham Industrial, a small Midlands industrial holding company is expected to offer shares in return for Allied which has over the last 12 months liquidated most of its investments including its 49 per cent stake in MPB Russell.

AURORA/OSBORN

Aurora Holdings announces that it is now in a position to acquire compulsorily the remainder of the ordinary shares of Samuel Osborn and Co.

ASSOCIATES DEALS

Drayton Montagu Portfolio Management, an associate of Post Office Staff Superannuation Fund, sold on behalf of discretionary investment clients 150,000 Investment Trust Corporation shares assented to Barclay's share offer at 266½p.

Hoare Govett sold 10,000 Oliver Rix at 8½p on behalf of an associate, and also bought 225,000 Crossley Building Products at 103½p on behalf of Bowater.

Joseph Sebag and Co bought 10,000 Fluidrive at 80p on behalf of Associated Engineering.

Hedderwick Stirling Grumbar and Co on July 14 bought 59,500 Wood and Sons (Holdings) ordinary shares at 55p non-assented on behalf of Newman Inds.

Hoare Govett bought 25,000 Crossley Building Products at 103½p on behalf of Bowater.

SHARE STAKES

Avondene Securities, the Bank of Scotland subsidiary, has taken up its rights in the recent issue from Henlys, the motor dealer, and now holds 35.86 per cent. Avondene bought its stake last year from Heron Motor Group.

Hoskins and Horton: The Wesleyan and General Assurance Society has reduced its holding of ordinary shares to below 5 per cent.

Davy buys Piran's stake in Monk

Saint Piran, the tin mining and property group which has been involved in an acrimonious battle with A. Monk, civil engineer and contractor, has finally bowed to the inevitable and sold its 29.95 per cent stake.

The purchaser, which by contrast Monk is welcoming with open arms, is Davy International, the engineering giant which includes Herbert Morris. Davy is paying £3.3m for Saint Piran's stake, equal to 102½p a share. Compared with yesterday's market price before the announcement of 84p (the news sent the price up to 92p before it closed at 89p) that represents a profit of £800,000 for Saint Piran.

One of the ironies of the transaction is that where Saint Piran struggled unsuccessfully for Board representation on Monk, Davy does not even have to ask. It already has a representative on the Board in the shape of Mr. P. W. Robinson, chairman of Herbert Morris who was co-opted as a non-executive director a few months ago to give Monk expertise in bid defences.

Not all yesterday's news from Monk, however, was cheerful. Problems of payment on a major contract in Nigeria have led the group to write-off £3.9m owing to it from the Nigerian subsidiary and the auditors are not sure if that write-off will be sufficient.

Monk plans to reduce its work load in Nigeria until the full effects of the Nigerianisation policy can be assessed, but in the meantime it guarantees all the interest and £2.54m of the subsidiary's £3.54m borrowings. Monk does not believe any further provision is needed against this guarantee but the auditors, Bowman, Grimshaw, reserve their position.

Now, both Davy and Monk look forward to the opportunities the stake creates for joint ventures, where Monk could undertake foundation work and building on Davy's mechanical engineering projects.

Sir John Buckley, chairman of Davy, said yesterday that his Board had recently adopted a policy of searching for strategic stakes giving it associated company status on companies whose earnings would provide a good return on Davy's cash.

Liberty Life & Guardian merger speculation

BY RICHARD ROLFE

JOHANNESBURG, July 17.

THE LISTINGS of Liberty Life and Guaradian Assurance were suspended in Johannesburg today, leading to general speculation that the two companies are to merge. Guardian Assurance holds 82 per cent of Liberty Life, having increased its interest over the past six months, and is itself controlled by Guardian Royal Exchange, which holds about two-thirds of the shares.

Liberty Life ranks as the third largest life assurer in South Africa, after the mutual societies Old Mutual and Sanlam. Total assets at December 31 last were R622m and shareholders' funds R69m. Guardian Assurance, while consolidating Liberty Life's figures, also ranks as the third largest short-term insurer.

Guardian Assurance has recently completed the purchase of 1.67m shares in Liberty Life, equivalent to 15.2 per cent of the equity. Of these, 1.27m were acquired from Manufacturers Life of Toronto and the balance from Sun Life of Canada, at prices between 900 cents and 1,000 cents per share. Liberty Life shares before suspension stood at 1,200 cents, capitalising the company at R130m, while Guardian Assurance at 200 cents, was capitalised at R106m. Its shareholding in Liberty Life was worth R107m on these prices.

JAS. FINLAY —SEAFORTH

The offer documents from James Finlay for Seaforth Maritime, the offshore service group, contains a forecast that profits from Seaforth will not be less than those for 1977 (£790,000 pre tax).

The news is accompanied by profit figures for the first five months of the year which, at £131,000 are 10 per cent lower than for the comparable period last time.

Coupled with the modest forecast this suggests that Seaforth is expecting a profits plateau after five years of exceptional growth.

Even this forecast is based on assumptions that there will be no ships laid up through accident or breakdown and that two vessels not chartered for the whole of the remainder of the year will be re-chartered at current rates when their charters expire in August and November.

Seaforth has borrowings of £3.7m including £1.6m against the Seaforth Conquerer and in addition to a guarantee of £1.7m on the shipbuilding loan related to Seaforth Clansman. Annual leasing charges on the seven ships leased amount to £1.32m annually, and the transport fleet and other assets are leased at an annual cost of £224,000.

BROOKE BOND LIEBIG EXPANDS MEAT DIVISION

In a £125,000 deal Baxters Butchers, the leading company within Brooke Bond Liebig's UK meat division is to take a 25 per cent stake in the livestock subsidiary of Favor Parker the animal feed group.

The subsidiary, which has concentrated on pig breeding—with pig production currently at 30,000 a year—is to be renamed Baxter Parker.

Brooke Bond will provide a medium term loan of £250,000 to the new company. Baxter's with its major abattoir in Northampton has a chain of over 400 retail butcher shops.

WILLOWS FRANCIS

With over 88.4 per cent of its 4.2 per cent preference capital acquired by Guinness Peat Group the listing of this class of Willows Francis shares has been cancelled at the company's request. Application to make specific bargains in the security under rule 163 (2) may be submitted.

Vickers da Costa seeks branch status in Japan

/ickehs da Costa, the London ckbroking concern, is underod to have applied to the ‹anese authorities for persion to raise the status of existing representative office Tokyo to that of a branch. ere are indications from Tokyo t Vickers is likely to be nted the four licences it is king in Japan, to trade in urities for its own account, trade in securities as an agent, the underwriting and distribun of new securities issues, and the sale of securities as a mber of syndicates.

Assuming that Vickers receives licences sought, and forms a inch in Japan, it will become y the third foreign securities ise to be licensed to do urities business in Japan, the ier being Merrill Lynch urities, of the U.S., which tained the status in 1972, and eb Rhoades, of the U.S., which l so in 1974.

Mr. Ralph Vickers, chairman of kers da Costa, said in London t night that he preferred not comment on the matter.

It is believed that Vickers will n to participate in underwriting Japan, but not as a manager. this basis, the minimum pital which would be required proposed branch would be 00m (£524,000).

It is an open secret in Japanese ck market circles that Vickers s recruited several staff and s been planning a move to a w office in order to meet panese legal requirements as to number of staff and floor ace appropriate for a branch.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Bootham Engineers, Hogg Robinson, Meldrum Investment Trust.

Finals: Birmingham Mint, Peter Brotherhood, Philip Harris, Illingworth Morris, H. and R. Johnson-Richards Tiles, Jones Stroud, Magnet and Southerns, Sytrone, Thorn Electrical Industries, Western Board Mills.

FUTURE DATES

Interims—	
Appleyard Group	Sept. 18
CSC Investment Trust	July 21
Foreign and Colonial Inv. Trust	July 19
Taylor Woodrow	July 25
Finals—	
Davy International	July 25
Elbief	July 20
FMC	July 20
General Engineering (Radcliffe)	July 28
Hardy (Furnishers)	July 25
Haslemere Estates	July 20
Howard Tenens Services	July 25
Rossgill	July 26

BAT OFFSHOOT

Group profit before tax of British-American Tobacco mpany improved from £190m £195m in the half-year ended rch 31, 1978, on a turnover of £2.67bn (£2.46bn). The attributable balance emerged at £90m (£95m).

In a recent report on the interim results of this Bat Industries offshoot the figures were incorrectly given in thousands.

Braby Leslie

The forward order position at Braby Leslie is "not unsatisfactory," Mr. Eric R. Izod, the chairman, says in his annual statement, although in certain subsidiaries the order books are not at the high levels enjoyed in the recent past.

He points out that profit margins on forward orders, which in many cases have to be accepted at fixed prices, will not be helped by the recent proposed increase in the national insurance surcharge. There is also a rising trend in the cost of raw materials and uncertainty about the level of future wage settlements.

Although these circumstances make forecasting difficult, Mr. Izod says directors will strive to continue the progress of the group through internal growth and acquisition.

S & U Stores over £0.5m

THE RETURN to profitable trading, seen in the second half of last year at S and U Stores, accelerated in 1977-78 for the retail credit company to finish the 12 months to January 31, 1978, showing a recovery from a £146,413 loss to a profit of £531,927.

At halftime, when there was a surplus of £188,349, against a deficit of £188,551, the directors were confident, but because sales had been below budget for three months they said profit would not reach the earlier estimate of £1m.

Otherwise, the outcome was broadly in line with expectations Mr. Derek Coombs, the chairman, now says. Again there was no tax charge but there was a below-the-line non-recurring loss of £669,951 largely in respect of the final stock write-off from the retail credit division.

Because of the change in the mainline trading activity of the group to primarily consumer credit, turnover at £16.42m is not strictly comparable with the previous £9.48m.

Though the group is now trading profitably the directors do not feel it right to pay a dividend on the preferred ordinary and ordinary shares, Mr. Coombs says. The last ordinary payment was a net interim of 0.56875p in 1975-76 when there was a surplus of £158,000. The preference dividend, costing £8,400, will be paid in the normal way.

Lofs opens talks on vested subsidiary

FOR THE second year running Basil Mavroleon, chairman of **London and Overseas Freighters**, failed to turn up at the company's AGM (he was ill) and so it was left to Stanley Sedgwick, the managing director, to field questions from irate small shareholders.

As expected, the company's decision to completely miss its dividend and hence lose trustee status came under fire. Mr. Sedgwick said that the company had "very carefully considered" the move and had been assured by its advisers that "the question of trustee status was not very important." He added that he did not believe that the absence of trustee status would have any effect on Lofs share price. A number of shareholders disagreed.

On the subject of compensation for the nationalisation of its wholly-owned subsidiary Austin and Pickersgill, Mr. Sedgwick said that negotiations with the Government were opened yesterday and he hoped that they would reach a satisfactory conclusion at an early date. Pressed on the question of whether the company would distribute the compensation proceeds to shareholders, Mr. Sedgwick said that this would only be a possibility if the money was not needed to pay off the creditors.

At the moment the proceeds are "earmarked for paying the debts on ships." Mr. Sedgwick confirmed that Lofs in negotiation with the UK and Swedish Governments for a moratorium on some of its debts. If this was granted one of the conditions might be that Lofs should not pay out a dividend.

VIDEOMASTER

The new Waddington subsidiary, Videomaster, was reported in yesterday's Financial Times to be the UK's only designer and manufacturer of TV games. Mr. Alan J. Leboff of S. Leboff (Fobel) said yesterday his company had been designing and producing TV games since 1976.

Rand Mines Limited

A Member of the Barlow Rand Group

Gold Mining and Colliery Company Reports for the Quarter ended 30th June 1978

(All Companies incorporated in the Republic of South Africa)

Office of the Secretaries of the undermentioned companies in the United Kingdom: 40, Holborn Viaduct, London EC1P 1AJ.

HARMONY GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: R13 422 325 IN 26 844 650 SHARES OF 50 CENTS EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 30TH JUNE, 1978

	Quarter ended 30.6.1978	Quarter ended 31.3.1978
OPERATING RESULTS—ALL PRODUCTS		
Ore milled (t):	1 731 000	1 597 000
Gold produced (kg):	7 590	7 292
Yield (g/t):	4.38	4.58
Uranium		
Pulp treated (t):	1 211 000	1 244 000
Oxide produced (kg):	131 108	133 028
Yield (kg/t):	0.108	0.107
Pyrite		
Concentrate recovered (t):	21 486	22 299
Sulphuric acid produced (t):	36 969	33 379
Total Revenue (R/t milled):	29.61	26.02
Total Costs (R/t milled):	22.67	23.66
Total Profit (R/t milled):	6.94	4.36
FINANCIAL RESULTS—ALL PRODUCTS —TOTALS IN R000's		
Revenue—Gold, Silver and Osmiridium	R41 654	R35 129
—Uranium, Pyrite and Sulphuric Acid	R9 605	R8 504
Total revenue	R51 259	R43 633
Costs	R39 252	R36 837
Working profit	R12 007	R6 796
Sundry revenue (net)	R766	R432
Profit before taxation and State's share of profit	R12 773	R7 228
Taxation and State's share of profit	R325	R202
Profit after taxation and State's share of profit	R12 448	R7 026
Capital expenditure	R8 341	R2 534
Dividends	R—	R6 069
Loan levy	R46	R70
Loan Levy refund (1971)	R—	R43
SHAFT SINKING		
Merriespruit No. 2A Upcast Ventilation Shaft		
Advanced—metres	86	6
Depth to date—metres	94	8

DEVELOPMENT

Quarter ended 30.6.1978: 8 799 metres. Quarter ended 31.3.1978: 7 489 metres.

Reefs	Advanced on Reef Horizon Metres	Sampled Metres	Gold Value g/t	Uranium Value kg/t	Channel Width cm	Gold cm.g/t	Uranium cm.kg/t
Basal	339	208	15.3	0.475	105	1 737	31.93
Leader	1 019	854	4.8	0.196	111	528	21.78
Totals and Averages							
Quarter ended 30.6.1978	1 358	1 062	6.9	0.232	110	759	27.89
Quarter ended 30.3 1978	1 259	1 160	7.1	0.228	101	712	23.02

These values represent actual results of sampling, no allowance having been made for any adjustments which were necessary when the ore reserve estimates were made at the end of the financial year.

ORE RESERVES AT 30TH JUNE, 1978

The ore reserves have been re-estimated as follows:

	Tons	Gold value g/t	Uranium value kg/t	Stope width cm	Gold cm g/t	Uranium cm.kg/t
Available	15 397 000	7.4	0.173	130.5	968	22.58
Not available	2 380 000	10.0	0.188	132.4	1 319	24.63
Total	17 777 000	7.8	0.174	130.8	1 015	22.78

The ore reserves at 30th June, 1978 were calculated on the basis of a joint gold-uranium pay limit in which a gold price of R4 753 per kilogram (approximately US$170 per fine ounce at R1 = US$1.15) was assumed. The Atomic Energy Act 1967, as amended precludes the disclosure of uranium prices used in this calculation. This is the first occasion on which the ore reserves of the mine have been calculated on the basis of a joint pay limit. The abovementioned ore reserves are, therefore, not strictly comparable with the ore reserves previously published. The reasons for this new procedure were given in the chairman's statement included in the 1977 annual report.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R3 613 000.

GENERAL

1. From 11th April, 1978, payment for gold production at the official price plus premium on market sales distributed monthly was replaced by payment at the market price. The non-recurring balancing payments resulting from the changeover distorted revenue for the current quarter which is therefore not comparable with past or future quarters.
2. Of the R8 341 000 capital expenditure reflected for the quarter, R3 768 000 was financed by the consumer loan for the new uranium plant.

For and on behalf of the board,
R. J. J. FOURIE } Directors
D. D. WATERMAN }

10th July, 1978.

EAST RAND PROPRIETARY MINES, LIMITED

ISSUED CAPITAL: R3 960 000 IN SHARES OF R1.00 EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 30TH JUNE, 1978

OPERATING RESULTS	Quarter ended 30.6.1978	Quarter ended 31.3 1978	6 months ended 30.6.1978
Gold			
Ore milled (t):	473 000	445 000	918 000
Gold produced (kg):	2 554.0	2 808.6	5 362.6
Yield (g/t):	5.40	6.31	5.84
Revenue (R/t milled):	29.73	30.47	30.08
Cost (R/t milled):	31.77	36.59	34.10
Profit/(loss) (R/t milled):	(2.04)	(6.12)	(4.02)
Revenue (R 000's):	14 061	13 559	27 620
Cost (R 000's):	15 025	16 283	31 308
Profit/(loss) (R000's):	(964)	(2 724)	(3 688)
FINANCIAL RESULTS (R000's)			
Working profit/(loss): Gold	R(954)	R(2 724)	R(3 688)
Sundry revenue (net)	R99	R55	R154
State Assistance claimed	R3 002	R3 390	R6 392
Profit before taxation and State's share of profit	R2 137	R721	R2 858
Taxation and State's share of profits	R158	R—	R158
Profit after taxation and State's share of profit	R1 979	R721	R2 700
Capital expenditure	R774	R413	R1 187
Loan Levy	R22	R—	R22

DEVELOPMENT

Quarter ended 30.6.1978: 2 872 metres. Quarter ended 31.3.1978: 2 405 metres.

Reefs	Advanced Horizon Metres	Sampled Metres	Gold Value g/t	Channel Width cm	Gold cm g/t
South	116	72	3.9	91	357
Composite	10	6	4.8	22	106
Main	113	99	4.4	82	356
Main Reef Leader	—	—	—	—	—
Totals and Averages:					
Quarter ended 30.6.1978	239	177	4.2	84	348
Quarter ended 31 3.1978	368	348	10.7	59	633

These values represent actual results of sampling, no allowance having been made for any adjustments which may be necessary when the ore reserve estimates are made at the end of the financial year.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R632 000. The estimated total capital expenditure for the remainder of the current financial year is R2.1 million.

DIVIDEND

No dividend was declared for the half-year ended 30th June, 1978.

GENERAL

From 11th April, 1978 payment for gold production at the official price plus premium on market sales distributed monthly was replaced by payment at the market price. The non-recurring balancing payments resulting from the changeover distorted revenue for the current quarter which is therefore not comparable with past or future quarters.

For and on behalf of the board.
D. D. WATERMAN } Directors
R. J. J. FOURIE }

7th July, 1978.

DURBAN ROODEPOORT DEEP, LIMITED

ISSUED CAPITAL: R2 325 000 IN SHARES OF R1.00 EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 30TH JUNE, 1978

OPERATING RESULTS	Quarter ended 30.6.1978	Quarter ended 31.3.1978	6 months ended 30.6.1978
Gold			
Ore milled (t):	541 000	477 000	1 018 000
Gold produced (kg):	2 198.9	1 869.2	4 068.1
Yield (g/t):	4.06	3.92	4.00
Revenue (R/t milled):	21.81	18.94	20.46
Cost (R/t milled):	20.01	22.71	21.27
Profit (Loss) (R/t milled):	1.80	(3.77)	(0.81)
Revenue (R000's):	11 797	9 036	20 833
Cost (R000's):	10 825	10 834	21 659
Profit/(Loss) (R 000's):	972	(1 798)	(826)
Pyrite			
Pyrite concentrate sold (t):	7 323	6 137	13 460
FINANCIAL RESULTS (R000's)			
Working profit/(loss)—Gold	R972	R(1 798)	R(826)
—Pyrite	R82	R76	R153
Sundry revenue (net)	R78	R53	R131
State Assistance claimed	R218	R2 278	R2 496
Profit before taxation and State's share of profit	R1 350	R609	R1 959
Taxation and State's share of profits	R—	R—	R—
Profit after taxation and State's share of profit	R1 350	R609	R1 959
Capital expenditure	R311	R341	R652

DEVELOPMENT

Quarter ended 30.6.1978: 4 341 metres. Quarter ended 31.3.1978: 4 586 metres.

Reefs	Advanced on Reef Horizon Metres	Sampled Metres	Gold Value g/t	Channel Width cm	Gold cm g/t
Kimberley	833	795	8.2	100	819
South	500	459	24.5	13	318
Main	150	90	4.0	102	410
Totals and Averages:					
Quarter ended 30.6.1978	1 483	1 344	6.2	71	443
Quarter ended 31.3.1978	1 513	1 590	6.1	94	575

These values represent actual results of sampling, no allowance having been made for any adjustments which may be necessary when the ore reserves estimates are made at the end of the financial year.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R7 000. The estimated total capital expenditure for the remainder of the current financial year is R630 000.

DIVIDEND

No dividend was declared for the half-year ended 30th June, 1978.

GENERAL

(i) From 11th April, 1978 payment for gold production at the official price plus premium on market sales distributed monthly was replaced by payment at the market price. The non-recurring balancing payments resulting from the changeover distorted revenue for the current quarter which is therefore not comparable with past or future quarters.

(ii) Dewatering of the lower levels of the mine which were flooded at the end of January, 1978, is still in progress.

For and on behalf of the board.
N. A. HONNET }
R. S. LAWRENCE }

7th July, 1978.

BLYVOORUITZICHT GOLD MINING COMPANY, LIMITED

ISSUED CAPITAL: R6 000 000 IN 24 000 000 SHARES OF 25c EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 30TH JUNE, 1978

OPERATING RESULTS	Quarter ended 30.6.1978	Quarter ended 31.3.1978
Gold		
Ore milled (t):	478 008	423 005
Gold produced (kg):	4 068.1	4 844.0
Yield (g/t):	10.43	11.45
Revenue (R/t milled):	57.67	55.31
Cost (R/t milled):	28.49	34.40
Profit (R/t milled):	29.18	20.91
Revenue (R000's):	27 454	23 396
Cost (R000's):	13 563	14 552
Profit (R000's):	13 891	8 844
Uranium Oxide		
Pulp treated (t):	447 835	457 038
Oxide produced (kg):	71 819	77 231
Yield (kg/t):	0.160	0.169
FINANCIAL RESULTS (R000's)		
Working profit: Gold	R13 891	R8 844
Working profit: Uranium oxide	R1 923	R2 705
Sundry revenue (net)	R584	R364
Profit before taxation and State's share of profit	R16 398	R11 913
Taxation and State's share of profit	R8 183	R4 983
Profit after taxation and State's share of profit	R8 215	R6 930
Capital expenditure	R2 274	R2 585
Dividend declared	R7 920	R—
Loan levies	R944	R606
Loan Levy refund (1971)	R—	R279

Quarter ended 30.6.1978: 5 095 metres. Quarter ended 31.3.1978: 4 868 metres.

Reefs	Advanced on Reef Horizon Metres	Sampled Metres	Gold Value g/t	Uranium Value kg/t	Channel Width cm	Gold cm g/t	Uranium cm kg/t
Main Reef	24	6	8.2	0.455	11	90	5.01
Carbon Leader	—	18	270.2	1.019	17	4 593	17.32
Quarter ended 31.3 1978							
Main Reef	53	2	14.4	0.525	12	173	6.30
Carbon Leader	68	62	222.2	0.841	17	3 777	14.30

These values represent actual results of sampling, no allowance having been made for any adjustments which were necessary when the ore reserve estimates were made at the end of the financial year.

ORE RESERVES AT 30TH JUNE, 1978

The ore reserves have been re-estimated as follows:—

	Tons	Gold value g/t	Uranium value kg/t	Stope width cm	Gold cm.g/t	Uranium cm.kg/t
Available	3 076 000	21.1	0.172	106.0	2 241	18.23
Not available	2 033 000	25.0	0.283	103.0	2 575	29.15
Total	5 109 000	22.7	0.216	104.8	2 378	22.64

The ore reserves at 30th June 1978 were calculated on the basis of a gold price of R4 753 per kilogram (approximately U.S.$170 per fine oz at R1 = U.S.$1.15). The values represent the calculated "in situ" value of the ore.

DIVIDEND

Dividend No. 65 of 33 cents per share was declared on 12th June, 1978, payable on or about 4th August, 1978 to shareholders registered on 30th June, 1978.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R570 000.

GENERAL

From 11th April, 1978, payment for gold production at the official price plus premium on market sales distributed monthly was replaced by payment at the market price. The non-recurring balancing payments resulting from the changeover distorted revenue for the current quarter which is therefore not comparable with past or future quarters.

For and on behalf of the board.
D. D. WATERMAN } Directors
R. J. J. FOURIE }

7th July, 1978.

WELGEDACHT EXPLORATION COMPANY, LIMITED

ISSUED CAPITAL: R4 090 813 IN SHARES OF 45 CENTS EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 30TH JUNE, 1978 ON THE OPERATIONS OF THE COMPANY AND ITS WHOLLY-OWNED SUBSIDIARY

OPERATING RESULTS	Quarter ended 30.6.1978	Quarter ended 31.3.1978
Tons sold—metric	546 489	505 108
Working profit cents per ton	445.1	443.6
FINANCIAL RESULTS (R'000's)		
Working profit	R2 433	R2 241
Net railway revenue	227	6
Net sundry revenue	182	34
PROFIT BEFORE TAXATION	R2 842	R2 281
Taxation	725	689
PROFIT AFTER TAXATION	R2 117	R1 592
Capital expenditure	R919	R552
Drilling and exploration (included in sundry revenue)	10	8
Dividend declared	818	—
Dividend received (included in sundry revenue)	97	—

DIVIDENDS

Dividend No. 43 of 9 cents per share was declared on 17th April 1978 payable on or about 15th May 1978 to shareholders registered on 28th April 1978.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R2 167 000. The estimated total capital expenditure for the remainder of the current financial year is R1 837 000.

For and on behalf of the board.
A. A. SEALEY (Chairman) } Directors
N. ZOLEZZI }

10th July, 1978.

WITBANK COLLIERY, LIMITED

ISSUED CAPITAL R13 611 394 IN ORDINARY SHARES OF R2 EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 30TH JUNE, 1978 ON THE OPERATIONS OF THE COMPANY AND ITS WHOLLY-OWNED SUBSIDIARIES

OPERATING RESULTS	Quarter ended 30.6.1978	Quarter ended 31.3 1978
Tons sold—metric	1 852 249	1 745 980
Working profit cents per ton	584.7	660.0
FINANCIAL RESULTS (R000's)		
Working profit	R10 830	R11 525
Net sundry revenue	444	45
PROFIT BEFORE TAXATION	R11 274	R11 570
Taxation	2 507	3 623
PROFIT AFTER TAXATION	R8 767	R7 947
Capital expenditure	R6 490	R4 768
Exploration expenditure—included in net sundry revenue	R59	R67
Dividend declared	—	R2 830

CAPITAL EXPENDITURE

There are commitments for capital expenditure, net of Escom funding in respect of Duvha, as follows:

	R000's
Contracted	27 332
Authorised but not contracted	23 223
Other proposed expenditure on Duvha Colliery	17 143
	R67 698

The estimated net capital expenditure for the remainder of the current financial year is R8 609 000.

GENERAL

As previously reported holders of 517 417 of the company's 13½% Unsecured Convertible Notes exercised their rights of conversion at 31st March, 1978. The conversion was effected during the quarter ending 30th June, 1978 by—

(a) an increase of R1 034 834 in the issued share capital;
(b) the creation of a share premium reserve amounting to R2 690 568; and
(c) the repayment in cash to noteholders of R3 725 402.

For and on behalf of the board.
A. A. SEALEY (Chairman) } Directors
R. E. MACGILLIVRAY }

10th July, 1978.

GENERAL NOTES

1. From 11th April, 1978, payment for gold production at the official price plus premium on market sales distributed monthly was replaced by payment at the market price. The non-recurring balancing payments resulting from the changeover distorted revenue for the current quarter which is therefore not comparable with past or future quarters.
2. Gold development values quoted herein represent actual results of sampling, no allowance having been made for any adjustments which may be or were necessary when estimating ore reserves at the end of the respective financial years.
3. All financial figures are subject to audit.

Copies of these quarterly reports are obtainable from the United Kingdom Registrars and Transfer Agents Charter Consolidated Limited, P.O. Box No. 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

Real progress possible at Associated Newspapers

IF THE Government contains wage rises it would be possible for Associated Newspapers Group to maintain earnings, but in order to make real progress it is necessary for there to be a general increase in productivity, say Lord Rothermere, the chairman, formerly Mr. Vere Harmsworth.

Though group earnings from trading in 1977/78 improved to £11.16m (£7.94m) its involve*ment in North Sea* oil showed a loss of £660,000, compared with a £1.92m surplus the previous year. This was a direct result of a fall in the rate of production from the Argyll Field.

*Also, because further explora*tory drilling on other licence areas was disappointing full pro*vision, amounting to £2.26m*, has been made in the latest accounts against the company spending in those areas proving unproductive. This cut the group net investment in the North Sea to £1.3m (£4.24m).

During the year the company spent £5.1m on fixed assets and North Sea projects, including £0.81m on new wells.

Also the directors decided, "as a matter of prudence" to write off the £1.56m initial costs relating to the design and relaunch of the U.S. magazine Esquire which was acquired during the year.

The company's independent local radio interests have prospered and there may be further opportunities for investment when the new stations are authorised, *the chairman* comments.

As reported on July 4 group taxable earnings advanced to *£15.46m (£12.01m) on turnover of* £156.8m (£126.4m) and the net dividend is raised to 5.775p *(5.207p) per 25p share.*

Newspapers, which represented 75.6 per cent (76.9 per cent) of *turnover contributed £8.29m* (£4.04m) to trading profit and other activities accounted for 20.8 *per cent* (17 per cent) of turnover and £3.54m (£1.98m) of trading profit.

At year end net liquid funds were up £3.34m (£7.59m) and capital commitments amounted to £12.52m (£7.5m) of which £11.34m (£6.19m) had been authorised but not contracted. The directors assessed the value of the group's properties at more than £25m in excess of book value.

The accounts reveal that Mr. R. M. P. Shields, the managing director, and Mr. P. J. Saunders, secretary, have been granted options, to be exercised on leaving the company or not before their sixtieth birthdays, the right to acquire two properties from the company for the current market value totalling £138,000.

For the year the total cost of director emoluments rose to £397,825 (£318,309) but the pay*ment to the highest paid director* was cut to £46,740 (£50,567).

Lord Rothermere has resigned as *chief executive for personal* reasons but will continue as chairman. His father, Lord Rothermere, who was president of the group, died last week.

The ultimate holding company is Daily Mail and General Trust.

Meeting, Waldorf Hotel, WC, on August 10 at 10.30 am.

StanChart to strengthen

Lord Barber, the chairman of Standard Chartered Bank outlines the group's strategy in his annual statement as being to strengthen *its position as a leading inter*national bank. He says the group is doing so by expansion in present and potential growth areas, extension of existing networks and the acquisition and establishment of new subsidiaries.

Examples are the acquisition of Commercial and Farmers National Bank in California, the taking of a majority interest in Mutual Acceptance in Australia and the strengthening of its merchant *bank in London.*

"We are concentrating on those activities in which we have proved *our ability to succeed, namely* commercial banking, and are reducing our involvement in non-*banking activities."* The sale of the Reliant Motor Group and the disposal of various minority interests were part of the rationalisation. At the same time it is extending the range and effectiveness of services.

He describes the proposed *acquisition of Union Bancorp of* California as the most important development since the Standard *and Chartered banks merged just* over eight years ago.

The merger of its existing California business with Union Bancorp will give the group a substantial dollar based business in a major growth area, to the benefit of its existing U.S. interests, says Lord Barber.

As at December 31, 1977, Union Bancorp *had total assets of some* $4.7bn and deposits of about $3.9m.

At the March 31, 1978, balance date Standard Chartered had total assets of £8.49bn compared with *£7.65bn previously*, including cash and short term funds of £1.3bn (£1.43bn), investments of £839.2m (£683.7m) and advances and other accounts totalling £6.02bn (£5.25bn). Current, deposit and other accounts were £7.99bn (£7.24bn).

As previously reported taxable profit of the group for the year was £126.15m compared with *£109.94m* previously. An inflation accounting statement shows this reduced to £94.4m (£71.9m) by a *free capital adjustment of £23.5m* (£31m), additional depreciation of £4.4m (£3.9m) and a reduction of its associate share of £3.8m (£3.1m).

Midland Bank owns 16 per cent of shares.

Meeting, Connaught Rooms, WC, August 10, at noon.

Investment for Davenport Knitwear

Considerable investment is *planned at Davenport Knitwear* in the current year now that the Multi-Fibre Agreement gives a sounder basis on which to build, Mr. R. A. Davenport, the chairman, says in his annual statement.

Accounts show contracted capital expenditure for the year of £120,000 (nil) and authorised but not contracted spending of *£414,000 (£340,000).*

In 1977, when profit before tax climbed from £0.43m to £0.63m, *all sections of the business* worked at full capacity, Mr. Davenport says.

A current cost statement shows the profit reduced to £0.5m by additional depreciation of £31,476, cost of sales of £40,834 and a £30,323 gearing adjustment. The chairman warns that it appears a significant bout of inflation may soon occur. Inflation remains an overwhelming concern to the company.

For the current year Mr. Davenport says such increases as have been shown in the past are unlikely to continue.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Bootham .... int.	4.5	—	—	—	9.22
Dewhurst and Partner int.	0.28	Sept. 4	0.25	—	0.83
A. Kershaw .... int.	§8	Oct. 31	3.78	—	13.47
Manson Finance Trust ...	2	Oct. 6	1.75	3.5	2.75
Meggitt Holdings ...... int.	0.22	Oct. 2	0.19	—	0.39
M. L. Meyer	‡2.97	—	2.83	4.67	4.17
Alfred Preedy	†2.28	Sept. 15	1.01	2.55	1.42
Rank Organisation ... int.	§4	Nov. 2	2.19	—	80.4
Rothschild Inv.	‡5.5	Sept. 19	4.14	7	5.5
Status Discount ...... int.	2.01	Sept. 5	0.65	—	4.06

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Based on 33 per cent ACT charge. § To reduce disparity.

MINING NEWS

Harmony Gold has a bumper quarter

BY KENNETH MARSTON, MINING EDITOR

A NOTABLY good June quarter net profit increase of 77 per cent to R12.4m (£7.5m) is reported by the Barlow Rand group's Harmony gold and uranium producer.

As with the other South African gold mines, a large part of the higher profit stems from the new buying arrangements for bullion whereby the mines are paid a full market related price on delivery; as a result they have received a once-only bonus in the past quarter of part of the proceeds due to them from sales made under the old system in the previous three months.

At the same time, however Harmony has raised its gold production in the past quarter and earned more from uranium sales. Ore reserves are now estimated on the basis of the value of both *the gold and uranium content of* the various orebodies. Previously they were assessed on the value of the gold content alone.

The new system recognises the fact that when uranium is taken into consideration *ore that* is unpayable on the basis of its gold alone becomes a paying proposition. Latest ore reserves are estimated at 17.78m tons with a value of 7.8 grammes gold and 0.174 kilogrammes uranium per ton with a gold price of $170 per ounce.

A year ago the ore reserves *based on the gold value alone* (of $140) were estimated at 13.19m tons grading 9 grammes gold and 0.19 kilogrammes uranium. Mr. A. C. Petersen, the Harmony chairman, pointed out last year that as mining operations progress into known low grade gold areas and the new uranium plant comes into operation the new method of valuation will have a "significant" effect on the calculated ore reserves.

In other words, the growing importance of Harmony's uranium sales is extending the life of the mine which now *comes* into the long category. So, too, is the rising gold price which, as the past quarter's results show, is making its impact on the profits of this big producer of low grade gold ore.

The final dividend for the year to June 30 was an above forecast 30 cents *(making a year's total of 55 cents) and higher pay*ments are on the cards for the current year.

After a good March quarter, Blyvoor has again done well with increased gold production and a notable reduction in costs per ton of ore milled. Recovering from the effects of its flooding early this year the marginal Durban Deep has made a useful profit—before State aid—in the past quarter.

But the struggling East Rand Proprietary has produced less gold as a result of a decline in *its already low recovery grade and* has had to lean on State aid again. Quarterly net profits of the group's mines are compared in the following table.

	June qtr. R000	March qtr. R000	Dec. qtr. R000
Blyvoor.	8,215	6,938	4,489
Durban Deep	†1,350	†609	†771
E. Rand Pty.	†1,979	†721	†1,965
Harmony	12,448	7,026	8,623

† After receipt of State aid.

Denison has acquired 6½% of Freeport

CANADA'S SECOND largest uranium producer, Denison Mines, has acquired *more than 6.5 per* cent of the shares of Freeport Minerals, the big sulphur pro*ducer in* Louisiana, reports our Toronto correspondent. Other Freeport interests include kaolin in Georgia, potash in New Mexico, copper in Indonesia and nickel and cobalt in Australia.

But what could be whetting *Denison's interest is the fact that* by the autumn Freeport expects to complete a uranium oxide re*covery plant (from* phosphoric acid) in Louisiana. Capacity of this plant is to be 690,000 lb of uranium oxide per year. And Freeport is understood to be negotiating long-term marketing arrangements for similar uranium recovery *facilities* at other phosphoric acid plants.

ROUND-UP

Diamond drilling is expected to start by the end of this month at a silver-lead-zinc find at Kathleen Lake in the Yukon Territory. High grade values have been *found* in the four trenches blasted out so far, one of which having given *44.92* ounces silver per ton with 26 per cent lead and 0.8 per cent zinc. The joint venturers are: *Prism Resources (25 per cent)*, Siebens Oil and Gas (25 per cent), Chieftain Development (25 per cent), Asamera Oil (12.5 per cent) and the German-owned E and B Explorations (12.5 per cent).

Steel Alberta is to acquire a major iron ore deposit in Montana covering apprixlmately 1,500 acres, which contains total estimated reserves of 160m tons, 80m tons of which are proven reserves, with an average iron content of 28 per cent. This acquisition follows the recently-announced acquisition of rights to the Peace River iron ore deposits and gives the company an immediate source of iron to complement the longer-term potential of Peace River.

Australia's Magnet Metals, Lennard Oil and Western Queen (1936) *have* lodged applications for 103 mineral claims for diamonds in the Lennard River *Valley and surrounding areas in* the western Kimberleys. Each company has a ⅓ interest in this joint venture. The current *tenement acquisition* and preliminary sampling programme is at an advanced stage and further *operations are planned* during the next three months.

Uranium fever in Westfield

URANIUM exploration excitement again flared up yesterday in shares of the Canadian-Irish Northgate group. A month ago it was touched off by the Irish hopes of Anglo United Development, the shares of which spurted to 260p and have since come back to 205p.

This time the hopes have centred on the Johan Beetz uranium prospect in Quebec where Westfield Minerals has a 25 per cent stake and Northgate *75 per cent.* Westfield jumped 42p to 150p in London yesterday while Northgate (which holds 45 per cent of Westfield advanced 40p to 445p.

Prospecting work at the Johan Beetz area last year indicated a diversity of uranium potential ranging from small pegmatite dyke occurrences—where two trenches in one anomaly assayed 3.2 lbs of uranium oxide per ton and 1.83 lbs, each over 24 ft—to more extensive areas of low grade mineralisation generally in the range of 0.4 lbs.

Tests on a 10-ton sample indicated that acid leaching would recover the uranium with minimal difficulties. There has been no recent news of the prospect although it is believed that the searchers have been further encouraged by their results.

Meggitt jumps to £181,113 at halftime

A jump in pre-tax profit from £40,177 to £181,113 is reported by Meggitt Holdings, machine tool *maker, for the* April 30, 1978, half year. Turnover was up from £2.1m to £2.83m for the period.

After tax of £95,219 (£21,930) net profit was £85,894 (£18,247). Earnings per share are shown at 2p (0.43p) and the interim dividend based on a 33 per cent ACT rate *is* ahead from 0.195p to 0.2211p net per 5p share. Last year, a 0.2p final was paid on profits of £190,886.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

AMERICAN NEWS

Lykes-LTV merger may face delay

BY STEWART FLEMING

NEW YORK, July 17.

PROSPECTS FOR the early completion of the merger between LTV and the failing Lykes Corporation, which would create the nation's third largest steel company, received a setback today when LTV asked for its shares to be suspended from trading.

The company disclosed that a Securities and Exchange Commission investigation of stock values at its Jones and Laughlin Steel subsidiary had revealed an overvaluation of inventory which would have a materially adverse impact on the reported results of operations of J and L Steel and of LTV."

The LTV statement added that the company had been advised by Mr. Chester H. Ferguson, the vice-chairman of Lykes, that subject to a review of all the facts as they become available, Mr. Ferguson did not believe the developments in the investigation would prevent the companies from continuing to prepare for the merger.

It is suggested, however, that the adverse impact of the stock valuation on LTV could well result in pressure to change the terms on which LTV was to take over Lykes, and it could also lead to delays in the merger going through. Specifically, attention is drawn to the fact that the deal is in part being supported by a $440m line of credit under negotiation from major U.S. banks.

The substantial change in the value of LTV's assets which seems to be implied in the statement could well mean that the terms of that loan will have to be revised.

It was only last month that the U.S. Attorney-General, Mr. Griffin Bell, announced that the U.S. Government would not try to block the merger on anti-trust grounds, since without the merger Lykes might fail. Lykes' interests include the Youngstown Sheet and Tube Steel Company which has had serious financial problems. In 1977 Lykes reported a net loss of $190m on sales of $1.76bn and LTV reported a loss of $38.7m on sales of $4.7bn.

Commenting on the valuation of stocks arising from the SEC investigation, LTV said this morning that the precise impact of any restatement of reported earnings that will be required has not been determined. The focus of the investigation has been inventory accounting in J and L Steel in 1975 and 1976. The company pointed out that it does not appear that there will be any material effect on the pre-tax results of operations reported for periods subsequent to 1976.

"However," it added, "in the event of a restatement of prior years, retained earnings of the companies would be adversely affected and certain deferred tax credits reflected in the 1977 after-tax reported results may be utilised in those prior years and therefore would no longer be available in 1977." This would increase the reported loss for 1977, the company added.

Sharp gain by General Motors in Brazil

By Diana Smith

RIO DE JANEIRO, July 17.

AFTER A bad year in 1977, an upswing of car sales in Brazil is reflected in the greatly improved results of General Motors of Brazil's finance company, which finances about 50 per cent of GM's sales through its concessionaires.

In the first half of this year, the GM finance company's net profit rose by 240 per cent compared with January-June 1977 —from $3m to $10.5m. The finance company, with $16.7m in capital and reserves, is the largest such enterprise of its type among finance companies owned by car manufacturers.

The overall volume of financing operated by the GM finance company rose from $78.2m in January-June 1977 to $145m in the first half of this year—an 85 per cent increase. It also raised resources from bills of exchange of $223m, compared with $134m in the same period last year.

The finance company claims that with highly-trained, efficient management, it has scaled its running costs down to a level far below those of Brazilian commercial banks, or finance companies tied to these banks.

Philip Morris ahead after record in second quarter

BY JOHN WYLES

NEW YORK, July 17.

PHILIP MORRIS Inc., the tobacco and beer giant which has been on a $623m acquisition spree in the last three months, reported today that its net earnings in the second quarter exceeded $100m for the first time.

Earnings were 22.5 per cent higher than in the same quarter last year and totalled $104.3m. Consolidated sales were $1.67bn, 25.8 per cent higher than in the same period last year. Earnings per share were $1.74 compared with $1.45.

Net earnings in the half year were also 22.5 per cent higher, and amounted to $191.83m on sales of $3.06bn. Earnings per share for the six months were $3.20 compared with $2.62.

This impressive performance appears to confirm analysts' expectations of earnings per share this year of close to $7, excluding the impact of the purchase in May of Seven-Up, the soft drinks company, for $515m. Philip Morris followed this substantial acquisition with the purchase last month of the Liggett Group's foreign cigarette operations for $108m.

The company said today that Seven-Up's results had been consolidated into Philip Morris from June 1, but the second quarter and first half figures had not been significantly affected by the consolidation.

Reviewing the earnings report, Mr. Joseph Cullman III, Philip Morris' chairman and chief executive, noted today that within the U.S., Philip Morris's cigarette unit sales and market share had increased thanks to the continued growth of Marlboro and the success of its new low tar cigarette Merit. Foreign unit sales had also reached a new high in the second quarter, and foreign results had not been significantly affected by currency movements.

In addition, said Mr. Cullman, demand for the Miller Brewing Company's products was continuing to exceed production capacity despite the rapid expansion of facilities.

Increase at Manufacturers Hanover

NEW YORK, July 17.

SECOND quarter net operating income of the bank holding company *Manufacturers Hanover Corporation* moved ahead from $37.93m or $1.27 a share to $45.39m or $1.40. After securities transactions, net income emerged higher at $45.42m or $1.40 a share against $37.82m. Per share earnings remained the same as at the operating level.

For the six months, operating income advanced from $78.6m or $2.64 a share to $88.64m or $2.73 a share. After securities transactions, net income was $88.89m or $2.74 a share, up from $78.69m or $2.65 a share.

Meanwhile, second quarter operating income of another bank holding company *Western Bancorporation* rose from $28.42m to ...1.36m, to give operating income per share of $1.69 against $1.19. After securities transactions net income emerged at $40.46m or ...05 a share compared with ...8.12m or $1.17 a share.

These results lifted first half operating income from $53.67m or $2.25 a share to $78.47m or ...21 a share. After securities transactions, net income came in at $77.37m or $3.16 a share against $53.06m or $2.22 a share.

The restaurants and motels group Howard Johnson reported increased per share earnings in the first six months from 58 cents to 67 cents, while the building materials concern Ideal Basic Industries moved ahead from 86 cents to $1.15 a share in the second quarter. Texas Oil and Gas, the oil and gas development company, advanced from $2.57 a share to $2.95 a share for the first nine months of the current fiscal year.

Agencies

Union Camp near peak levels

WAYNE, N.J., July 17.

UNION CAMP Corporation expects to report second quarter earnings in the range of $1.25 to $1.30 a share, which would only be about 5 per cent behind the quarterly record of $1.34 a share set in the second quarter of 1976, Mr. Peter J. McLaughlin, the president, told reporters.

That would mean, he added, that this diversified paper packaging building materials and specialty chemicals company had first half earnings of about $2.40 a share. In the 1977 second quarter, Union Camp had net income of $31.5m or $1.30 a share on sales of $281.8m. In the first half of last year, net income was $59.8m or $2.47 a share of sales of $537.9m.

"The remarkable thing," McLaughlin said, "is that we have managed to stay up there despite few major price improvements in our major lines. In fact, many lines are selling below the prices of two years ago."

Prices have begun to move up this year "even if only to the levels of two years ago." The price of linerboard used in the making of corrugated containers is only $205 a ton currently compared with $215 a ton in April of last year.

"But there are strong prospects for increases late in the summer which would carry the price above the $215 figure."

The company converts about 60 per cent of its unbleached mill products including linerboard into bags and boxes. "Our mills and mills throughout the industry are operating at close to or full capacity. And inventories, which had been high, have dropped both in the U.S. and abroad."

AP-DJ

* * *

Directors of Kaiser Cement Gypsum Corporation and Medusa Corporation have approved a definitive agreement for the merger of the two companies, reports AP-DJ. The merger must be approved by a majority of Kaiser Cement's common stockholders and by holders of two-thirds of Medusa's common and two-thirds of its preferred shares.

Tough time for chemical majors

ST. LOUIS, July 17.

MONSANTO AND Allied, two leading U.S. chemical majors are finding progress in the current year tough going.

After higher results in the first three months Allied Chemicals now reports second quarter net earnings of only $35.9m or $1.27 a share, compared with $62.5m or $2.23 a share in the same period of 1977. Sales were up from $785.5m to $813m.

At the six-month stage, earnings are down from $76.1m or $2.72 a share to $65.8m or $2.33 a share. Sales amounted to $1.59bn against $1.47bn.

The second quarter net of 1977 however, including an after-tax non-recurring gain of $19m or 68 cents from sale of a coke plant and dyestuff business.

The lower net in the first half resulted despite record income from operations. The company's effective tax rate in the first half was up from 46.6 per cent last year to 54.9 per cent partly because of the higher effective UK tax rate and increased North Sea oil production and partly because last year's one-time gains were taxed at the lower capital gains rate.

Primarily because of a cost-price squeeze in chemical intermediates, Monsanto's second quarter net income declined to between $74m and $78m or $2 and $2.10 a share, from the $81.5m or $2.21 a share earned the year before, Mr. James J. Kerley, executive vice-president and chief financial officer, said today.

Second quarter sales rose "about 5 per cent" to between $1.18 bn and $1.2 bn compared with $1.12 bn in 1977.

First half earnings should be between $210m and $214m or $5.70 and $5.80 a share, against $229.4m or $6.22 a share the year before, said Mr. Kerley.

Agencies

Signal profits shoot ahead

By Our Financial Staff

EARNINGS OF Signal Companies moved sharply ahead in the second quarter of this year, with Mr. Forrest N. Shumway, president and chief executive officer of the diversified manufacturer of trucks and aerospace products, confident that the strong performance will continue.

Net profits totalled $45.2m, an advance of nearly 57 per cent on the $28.8m earned in the same quarter of last year. Earnings per share were $2.35 against $1.45.

For the whole of the first half, Signal's growth in net profits was an even steeper 65 per cent to $76.1m from $46m, with earnings per share coming out at $3.95 compared with $2.31.

Metals groups are optimistic

BY OUR FINANCIAL STAFF

HIGHER second-quarter results are announced by two leading metals groups, Kaiser Aluminum and Chemical and Reynolds Metals, and both companies are optimistic on current three-months prospects.

Kaiser's second-quarter net earnings amounted to $62.8m, or $2.61 a share, on sales of $692.7m, compared with $40.3m or $2.01 on sales of $647m for the corresponding period of 1977. Earnings for the half-year totalled $77.3m, equal to $3.81 a share against $64.2m or $3.19. Half-year sales were unchanged at $1.2bn.

Second quarter earnings at Reynolds Metals advanced from a corresponding $33.68m or $1.90 a share, to $44.22m or $2.31 a share. Sales were up from $632.7m to $714.7m.

Kaiser's half-year improvement was largely attributed to its aluminium division.

The company is confident on the outlook, expecting sharply improved sales volume in the second half compared with last year.

American Jet offer for Grumman unit

VAN NUYS, July 17.

AMERICAN JET Industries has reached an agreement in principle to buy Grumman American Aviation Corporation for $32m plus $20.5m of a preferred stock issue of American Jet, Mr. Allen Paulsen president and chief executive officer of American Jet, said today.

Grumman Corporation has agreed, subject to the approval of its Board to sell the Grumman American common stock it owns which is 80 per cent of the outstanding shares.

Should the acquisition of Grumman American Aviation by American Jet be closed, Grumman Corporation will continue as a preferred shareholder of Grumman American and will also continue the development, testing and certification of the Gulfstream-III to meet its performance specification under contract with American Jet. Grumman will also provide continuing engineering and marketing support and will receive a commission on Gulfstream-III sales.

In addition to 20 per cent of the common stock of Grumman American now outstanding, the minority shareholders own warrants which, if exercised, would increase their ownership to 43 per cent.

American Jet will offer $17m in cash for their stock and warrants. A formal letter of offer is expected to be sent to minority shareholders within the next few weeks.

For Grumman's 80 per cent of the common stock without warrants, American Jet will offer $15m cash, plus $10m of a preferred issue of American Jet stock. Grumman also now holds $10.5m of Grumman American preferred stock which will be exchanged for a new preferred issue.

AP-DJ

Half-year improvement at Westinghouse

NEW YORK, July 14.

INCREASED second quarter earnings are announced by Westinghouse Electric, on operating net figure of $74.81m, equal to 86 cents a share, comparing with $64m or 73 cents a share in the corresponding period last year. Sales were almost 10 per cent higher, rising from $1.53bn to $1.68bn.

Net operating earnings for the first half of 1978 totalled $141.06m, or $1.62 a share, against $121m or $1.39 a share previously. Sales increased from $2.96bn to $3.22bn.

Westinghouse said the 1977 first half net was after an extraordinary loss of $3.8m after taxes on a uranium contract litigation settlement. The extraordinary loss was the equivalent of 5 cents a share.

All three of Westinghouse's major operating companies contributed to the sales gains in both the second quarter and first half and continued to show improved profit margins.

Agencies

Pacific Tel. denied review

...acific Telephone and Telegraph ...id the California Supreme ...ourt had denied it a review of ...a order holding the company ...able for $750m in back taxes, ...eports Reuter from San ...rancisco.

Pacific Telephone will now ...ake its case to the U.S. Supreme ...ourt.

If the order, made last year by ...e State Public Utilities Com...ission, becomes effective, the ...ompany will be ineligible to use ...ccelerated depreciation for tax ...urposes.

EUROBONDS

Significant discount for Chase issue

BY MARY CAMPBELL

The picture in the international bond market was basically unchanged yesterday, with the D-Mark sector continuing weak, dollar straight bonds a little firmer and floating rate notes somewhat easier again, though in good two-way business.

In Germany, the Bundesbank continued as a heavy buyer of D-mark domestic bonds. The Capital Markets Sub-Committee which sets the schedule for foreign bond issues was meeting yesterday afternoon, but the results are not likely to emerge until today.

In the FRN secondary market, Chase Manhattan's issue opened at a significant discount by the standards of this sector of the market. It was quoted at about around 98¼ or slightly above on the bid side at the opening, but stood at 98⅜/½ for most of the day. A bigger discount than on some issues might be expected purely because of its size, and many dealers said that they had not seen much selling.

However, disenchantment with the narrow spread is widely expressed.

The Bahraini dinar issue for Sonatrach has now been closed. It is guaranteed by Banque Exterieure d'Algerie.

BRIEFLY

Union Bancorp

...nion Bancorp will charge ...$3.9m after tax provision ...ttlement against the previously ...nnounced quarter income ...ports AP-DJ from Los Angeles. ...s a result of the special charge, ...t income for the period will be

...C. Ernst loss

...C. Ernst will report a loss of ...out 33 per share for the fiscal ...ar ended last March 31, reports ...P-DJ from Washington. The ...ss arises principally "from a ...cent re-valuation of contracts" ...connection with its year-end ...dit which will also affect fourth ...uarter results.

...aton bid

...ton Corporation has made an ...fer to purchase any and all ...utstanding shares of stock of ...utler-Hammer at $58 a share in ...sh as previously announced, ...ports AP-DJ from Cleveland. ...he Cutler-Hammer Board ...nanimously recommends the ...fer.

U.S. QUARTERLIES

CONTROL DATA

Second Quarter	1978 $	1977 $
Revenue	449.1m	369.8m
Net profits	25.5m	17.1m
Net per share	1.48	0.99
Six Months		
Revenue	849.5m	708.0m
Net profits	41.2m	30.1m
Net per share	2.38	1.74

McGRAW-EDISON

Second Quarter	1978 $	1977 $
Revenue	297.5m	264.9m
Net profits	19.0m	15.6m
Net per share	1.16	0.95
Six Months		
Revenue	583.0m	519.4m
Net profits	35.8m	30.2m
Net per share	2.18	1.85

McGRAW-HILL

Second Quarter	1978 $	1977 $
Revenue	176.1m	161.8m
Net profits	13.4m	10.2m
Net per share	0.53	0.41
Six Months		
Revenue	328.7m	284.5m
Net profits	23.8m	16.9m
Net per share	0.96	0.68

MEAD CORP.

Second Quarter	1978 $	1977 $
Revenue	590.8m	462.5m
Net profits	31.3m	28.0m
Net per share	1.36	1.18
Six Months		
Revenue	1.11bn	868.6m
Net profits	52.1m	47.6m
Net per share	2.24	1.97

N. AMERICAN PHILIPS

Second Quarter	1978 $	1977 $
Revenue	579.5m	477.4m
Net profits	17.6m	15.7m
Net per share	1.36	1.22
Six Months		
Revenue	1.8bn	895.6m
Net profits	28.4m	27.8m
Net per share	2.20	2.16

NW OHIO BANCSHARES

Second Quarter	1978 $	1977 $
Net profits	3.5m	3.1m
Net per share	1.37	1.20
Six Months		
Net profits	6.7m	6.1m
Net per share	2.64	2.38

POTLATCH

Second Quarter	1978 $	1977 $
Revenue	210.4m	175.4m
Net profits	19.8m	16.9m
Net per share	1.31	1.12
Six Months	$	$
Revenue	401.7m	340.0m
Net profits	35.4m	31.4m
Net per share	2.34	2.08

RUBBERMAID

Second Quarter	1978 $	1977 $
Revenue	64.4m	55.5m
Net profits	5.1m	3.9m
Net per share	0.65	0.51
Second Quarter	1978	1977
Revenue	123.5m	109.6m
Net profits	8.9m	7.8m
Net per share	1.15	1.01

TIME INC.

Second Quarter	1978 $	1977 $
Net profits	34.0m	25.1m
Net per share	1.65	1.24
Six Months		
Revenue	747.9m	579.2m
Net profits	55.0m	40.2m
Net per share	2.68	1.98

TRANSAMERICA

Second Quarter	1978 $	1977 $
Revenue	874.6m	822.2m
Net profits	54.6m	44.0m
Net per share	0.82	0.66
Six Months	$	$
Revenue	1.7bn	1.6bn
Net profits	100.8m	78.4m
Net per share	1.54	1.20

UTD. TELECOMMUNICATIONS

Six Months		
Revenue	340.9m	296.3m
Net profits	38.0m	32.2m
Net per shre	0.66	0.60
Six Months		
Revenue	666.9m	578.5m
Net profits	72.36m	61.30m
Net per share	1.26	1.16

WEYERHAEUSER

Second Quarter	1978	1977
Revenue	985.3m	842.5m
Net profits	115.4m	91.4m
Net per share	0.90	0.69
Six Months		
Revenue	1.8bn	1.6bn
Net profits	184.8m	161.1m
Net per share	1.41	1.22

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 9¾pc 1989	97½	98
AMEV 8pc 1987	95	96½
Australia 8½pc 1992	92½	93
Australian M. & S. 9½pc '92	97	97½
Barclays Bank 8¾pc 1992	94½	95½
Bowater 9½pc 1992	97	97½
Can. N. Railway 8¾pc 1986	94½	95½
Credit National 8¾pc 1986	95½	96½
Denmark 8¾pc 1984	97½	98¼
ECS 9pc 1993	98½	99½
ECS 8¾pc 1997	93½	94½
EIB 8¾pc 1992	96	96½
EMI 9½pc 1989	98	98½
Ericsson 8¾pc 1989	96½	97
Esso 8pc 1986 Nov	99½	100¼
Gt. Lakes Paper 8¾pc 1984	97½	98
Hamersley 9½pc 1992	100½	101
Hydro Quebec 9pc 1992	95	95½
ICI 8¾pc 1987	95½	96½
ISE Canada 9¼pc 1986	102½	103¼
Macmillan Bloedel 9pc 1992	94½	95½
Massey Ferguson 9¼pc '91	98½	99½
Michelin 9¼pc 1988	100½	101½
Midland Int. Fin. 8¾pc '92	94½	95
National Coal Bd. 8pc 1987	92½	93½
National Wstmnstr. 9pc '86	100	100½
Natl Wstmnstr. 9pc '86 'B'	100½	100¾
Newfoundland 9pc 1989	98½	99½
Nordic Inv. Bank 8¾pc 1988	96	96½
Norges Kom Bk. 8¾pc 1992	95	95½
Norpipe 8¾pc 1989	94½	95½
Norsk Hydro 8¾pc 1992	94½	95½
Oslo 9pc 1986	99½	100½
Ports Autonomes 9pc 1991	97½	98
Prov. Quebec 9pc 1995	93½	94½
Prov. Saskatchwn. 8¾pc '86	97½	98½
Reed International 9pc 1987	93½	94½
RHM 9pc 1992	94	94½
Selection Trust 8¾pc 1989	91	92
Shell Intl. Fin. 8¾pc 1990	95½	96
Skand. Enskilda 9pc 1991	97	97½
SKF 8pc 1987	91½	92½
Sweden (K'dom) 8¾pc 1987	94½	95
United Biscuits 9pc 1989	97½	98
Volvo 8pc 1987 March	93½	94
NOTES		
Australia 7¾pc 1984	93½	94½
Bell Canada 7¾pc 1987	95½	96½
Br. Columbia Hyd. 7¾pc '85	93	93½
Can. Pac. 8¼pc 1984	97½	98
Dow Chemical 8pc 1986	98½	99½
ECS 7¾pc 1982	94½	95½
ECS 8¾pc 1989	93½	94½
EEC 7¾pc 1982	95½	96
EEC 7¾pc 1984	94	94½
Enso Gutzeit 8¾pc 1984	96	96½
Gotaverken 7¾pc 1982	94½	95
Kockums 8pc 1983	96½	97½
Michelin 8¾pc 1983	98½	99½
Montreal Urban 8¾pc 1981	98½	99½
New Brunswick 8pc 1984	96½	97½
New Bruns. Prov. 8¾pc '83	99	99½
New Zealand 8¾pc 1986	95½	96
Nordic Inv. Bk. 7¾pc 1984	93½	94
Norsk Hydro 7¾pc 1982	95½	96½
Norway 7¾pc 1982	94½	95
Ontario Hydro 8pc 1987	93½	94½
Singer 8¾pc 1982	99½	100½
S. of Scot. Elec. 8¾pc 1981	98	98½
Sweden (K'dom) 7¾pc 1982	94½	95½
Swedish State Co. 7¾pc '82	95½	96
Telmex 9¾pc 1984	98½	99½
Tenneco 7¾pc 1987 May	91½	92½
Volkswagen 7¾pc 1987	94	94½
STERLING BONDS		
Allied Breweries 10¾pc '90	88½	89½
Citicorp 10pc 1993	92	93
Courtaulds 9¾pc 1989	89½	90½
ECS 9¾pc 1989	94½	95½
EIB 9¾pc 1988	96½	97½
EIB 9¾pc 1992	92½	93½
Finance for Ind. 9¾pc 1987	90½	91½
Finance for Ind. 10pc 1989	93	94
Fisons 10¾pc 1987	96½	97½
Gestetner 11pc 1988	91½	92½
INA 10pc 1988	91½	92½
Rowntree 10¾pc 1988	89½	90½
Sears 10¾pc 1988	90½	91½
Total Oil 9¾pc 1984	90	91
DM BONDS		
Asian Dev. Bank 5¾pc 1988	95½	96
BNDE 6¾pc 1986	96½	97
Canada 4¾pc 1983	97½	98
Den Norske Id. Bk. 6pc '90	99½	100½
Deutsche Bank 4¾pc 1983	97½	98
ECS 5¾pc 1990	93	93½
EIB 5¾pc 1990	93½	94
Elf Aquitaine 5¾pc 1988	94½	95
Euratom 5¾pc 1987	97½	98½
Finland 5¾pc 1986	95½	96½
Forsmarks 5¾pc 1990	96½	97
Mexico 6pc 1985	96	96½
Norcem 5¾pc 1989	99½	100
Norway 4¾pc 1983	97½	98
Norway 4¾pc 1983	98	98½
PK Banken 5¾pc 1988	94½	95½

	Bid	Offer
Prov. Quebec 9pc 1990	96½	97
Rautaruukki 8¾pc 1988	94	94½
Spain 6pc 1988	95½	96
Trondheim 8¾pc 1988	95½	96
TVO Power Co. 9pc 1988	96½	97
Venezuela 9pc 1988	95½	96½
World Bank 8¾pc 1990	96½	97½
FLOATING RATE NOTES		
Bank of Tokyo 1984 8¾pc	99	99½
BFCE 1984 8¾pc	99½	99¾
BNP 1983 8 15/16pc	100½	100¾
BQE Worms 1985 9pc	98	98½
CCF 1985 8¾pc	98½	99
Chase Manhattan 1993	98½	99
Creditanstalt 1984 8¾pc	99	99½
DG Bank 1982 9pc	99½	100½
GZB 1981 8 15/16pc	99½	100½
Intl. Westminster 1984 8pc	99	99½
Lloyds 1983 8 15/16pc	100½	100¾
LTCB 1993 8pc	99½	100
Midland Int. FS '87 9 9/16pc	98½	99½
Midland Int. Fin. Serv. '93	98½	99½
Nat. Westminster '90 9 5/16pc	99½	99¾
OKB 1983 7¾pc	100½	100¾
SNCF 1985 8¾pc	98½	99½
Stand. and Chtrd. '84 8¾pc	99½	99¾

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¾pc '87	81½	83
Ashland 5pc 1988	94½	96
Babcock & Wilcox 6¾pc '97	107½	108½
Beatrice Foods 4¾pc 1992	97	98½
Beatrice Foods 4¾pc 1992	108	109½
Beecham 6¾pc 1992	100	101
Borden 5pc 1992	99	100½
Broadway Hale 4¾pc 1987	75½	77
Carnation 4pc 1987	78	79½
Chevron 5pc 1988	126	127½
Dart 4¾pc 1987	80½	82
Eastman Kodak 4½pc 1988	84	85½
Economic Labs. 4¾pc 1987	78½	80
Firestone 5pc 1988	80	81½
Ford 5pc 1988	85	86½
General Electric 4¾pc 1987	81	82½
Gillette 4¾pc 1987	76½	78
Gould 5pc 1987	117½	119
Gulf and Western 5pc 1988	86½	88
Harris 5pc 1992	197	199
Honeywell 6pc 1986	86½	88
ICI 6¾pc 1992	89½	90½
INA 6pc 1997	95½	97
Inchcape 6¾pc 1992	114	115
ITT 4¾pc 1987	78½	80
Jusco 6pc 1992	117½	118½
Komatsu 7¾pc 1990	141	142
J. Ray McDermott 4¾pc '87	146	148
Matsushita 6¾pc 1990	182½	183½
Mitsui 7¾pc 1990	134	135
J. P. Morgan 4¾pc 1987	96	97½
Nabisco 5¾pc 1986	103½	105
Owens Illinois 4¾pc 1987	112	113½
J. C. Penney 4¾pc 1987	76	77½
Revlon 4¾pc 1987	123	124½
Reynolds Metals 5pc 1988	83½	85
Sandvik 6¾pc 1986	109	110½
Sperry Rand 4¾pc 1987	93	94½
Squibb 4¾pc 1987	84½	86
Texaco 4¾pc 1988	79	80½
Toshiba 6¾pc 1992	134½	135½
Ty Co. 5pc 1984	77½	79
Ty Co. 5¾pc 1988	102½	103½
Union Carbide 4¾pc 1982	92	93½
Warner Lambert 4¾pc 1987	80½	82
Warner Lambert 4¾pc 1988	76½	78
Xerox 5pc 1988	77	78½

Source: Kidder, Peabody Securities.

French steelmakers planning co-operation

BY DAVID WHITE

PARIS, July 17.

TWO OF France's leading steel companies, Usinor and Chatillon-Neuves-Maisons, the main steelmaking operation of the Chiers-Chatillon group, are planning to step up their co-operation in the crisis-hit regions of northern France and Lorraine.

Usinor and Chiers-Chatillon are, respectively, number one and number four in the French steel industry in terms of output. They currently employ about 47,000 people, and last year produced 9.5m tonnes of steel between them, showing a turnover of FFr 12.5bn and losses of over FFr 2.8bn.

The two companies are to study possibilities for the better use of their current and planned production facilities over the next three months. Chatillon-Neuves-Maisons has decided to suspend construction of a FFr 400m ($89m) oxygen steel plant in Lorraine, which it has just started building.

The companies are thought likely to compromise on using the parallel FFr 500m project of Usinor at Longwy in eastern France, which is awaiting a final go-ahead.

The Chiers-Chatillon group was reorganised last year, with the principal industrial activities grouped under Chatillon-Neuves-Maisons. The latter already co-operates with Usinor in the interchange of materials in the steelmaking region around Lille. Their activities overlap both there and in Lorraine, where Usinor has a steelmill at Thionville, Chatillon one at Neuves-Maisons and both have plants at Longwy.

Usinor is also associated with the Chiers-Chatillon group's cable and wire making company Trefileries de Chatillon-Gorcy.

The presence of a Government hand behind the co-operation study was strongly indicated by Chatillon-Neuves-Maisons, which said that official aid had been pegged to harmonisation of the two group's investment efforts.

The Paribas banking group, with an important say in Usinor's main shareholder Denain-Nordest-Longwy and the main voice in Cheirs-Chatillon, will clearly have a prime role in the rapprochement between the two groups. There is speculation that Usinor might as a result pull out almost entirely from the field of long steel products, while Chatillon would reinforce its position in specialised fields.

Usinor, which produced 8.3m tonnes of steel last year, is one of the two dominant French companies in the making of heavy and medium plate and sheet steel. Chatillon-Neuves-Maisons specialises in stainless and mild steels.

West German companies less profitable

COLOGNE, July 17.

NET profits of West German companies trail those of companies in four other major industrialised nations, according to the Institute of the German Economy (IW), a business-supported research group.

On the basis of statistics from the major industrialised nations, IW said that after-tax profits as a percentage of equity capital averaged 8.6 per cent for German companies in the period 1970-76. In other industrialised countries, the percentage was 12.5 per cent for Canada, 11.8 per cent for the U.S., 9.7 per cent for Japan and 9.7 per cent for the UK.

Countries whose companies yielded less than West Germany included Switzerland with 7.1 per cent, Netherlands with 7.1 per cent, France with 4.8 per cent and Italy with a negative 4 per cent.

As a percentage of turnover, West German companies yielded sharply lower after-tax profits, with 1.7 per cent. Yielding more than German companies on this basis were Canadian (5.7 per cent), U.S. (5.0 per cent), British (3.8 per cent), Swiss (3.3 per cent), Dutch (2.8 per cent, and Japanese companies (2.1 per cent).

AP-DJ

Rise in Swiss franc hits Sandoz turnover

BY JOHN WICKS

ZURICH, July 17.

TURNOVER of the Swiss-based Sandoz group was lower by 7.8 per cent in the first half of 1978 than during the corresponding six-month period of last year. According to the parent company, the Basle chemical and pharmaceutical concern Sandoz AG, this drop from SwFr 2.44bn to SwFr 2.25bn ($1.24bn) was due exclusively to the deterioration of foreign currency exchange rates in relation to the Swiss franc.

But for the translation losses of Swiss franc income, which totalled SwFr 314m for the first half, turnover would have been up by 13 per cent to a record level, says Sandoz. The exchange-rate situation also had a noticeable effect on group income for the period, it noted.

In terms of Swiss francs, the group's agrochemicals sector showed what the parent undertaking calls an impressive growth of 18.4 per cent, to SwFr 161m against SwFr 136m for the January-June period. Products of the food division were also in strong demand, rising in Swiss francs by 1.6 per cent to SwFr 237m from SwFr 233m.

Elsewhere, divisional sales dropped in Swiss franc terms over the first half of 1977. Sales of pharmaceuticals progressed satisfactorily in most markets, but declined by 8.6 per cent, after translation to SwFr 1.05bn from SwFr 1.15bn. Seed division turnover fell by 10.8 per cent to SwFr 206m from SwFr 231m in the face of adverse weather conditions, and turnover of the dyestuffs division was down 14.3 per cent over the period from SwFr 664m to SwFr 569m. In this latter division sales levels rose in almost every important market when measured in local currencies, Sandoz said.

Meanwhile, a report prepared by the Union Bank of Switzerland in Zurich states that prospects for the Swiss chemical industry are rather unfavourable.

Production and turnover are seen as likely to stay unchanged or even show a slight decline in 1978, despite a modest anticipated rise in the pharmaceutical sector; dyestuffs business is expected to continue to fall off. Profits are considered likely to deteriorate in comparison with 1977 for the industry, even if there is relief of the upward pressure on the Swiss franc.

Since the start of this year, says the Bank, business has declined in the chemical industry. A particular disadvantage for the export-oriented sector, some 80 per cent of whose output is sold abroad, has been the renewed appreciation of the currency.

An indication of this is given by the fact that while export volumes went up 14.2 per cent over the first five months of 1978, their value rose by only some 2.4 per cent, to SwFr 3.61bn. Exports of dyestuffs and agrichemicals dropped in the January-May period, while there was a marked increase in those of pharmaceuticals, cosmetics and toiletries.

Globinvest cuts payout after setback

BY OUR OWN CORRESPONDENT

ZURICH, July 17.

THE international securities fund Globinvest, an affiliate of the Union Bank of Switzerland, is to pay domestic certificate-holders a reduced dividend of SwFr 1.60 per unit for the financial year ended June 30, against SwFr 2 last time. Foreign dividends received by the fund were reduced by the rise in the Swiss franc exchange rate, while fewer stock issues were booked.

At the same time, unchanged dividends of SwFr 1.60 and SwFr 3, respectively, are to be distributed by the UBS funds Pacific-Invest and Fonsa. Despite the exchange-rate situation, profitability of the Pacific-Invest Fund for securities in the Pacific area remained satisfactory, interest income rising while dividend earnings declined.

The Fonsa fund for Swiss shares increased its profits due to dividend increases on the part of individual companies represented in its portfolio.

Basle SE turnover

Turnover on the Basle Stock Exchange totalled SwFr 10.49bn in the first half of this year, and was thus down on the figure of SwFr 11.03bn recorded for January-June, 1977. The number of bargains booked dropped over the same period from 43,109 to 37,579, writes John Wicks from Zurich.

Slow first quarter for EOE trading

By Charles Batchelor

AMSTERDAM, July 17.

TRADING VOLUME on the European Options Exchange (EOE) averaged 755 contracts a day in the first three months of operation, or something over 10 per cent of the estimated break-even level. The average number of contracts in April was 740, rising to 773 in May but falling to 750 in June with the approach of the holiday period.

Actual levels of trading were 13,336 contracts in 18 trading days in April, 15,486 in 20 days in May and 16,521 in 22 days in June. Open interest on June 30 was 16,840 contracts. Between April 5 when the EOE started trading and July 3, the number of options listed rose from nine to 24.

Involvement by institutional and personal investors is on the increase, with 46.5 per cent of contracts traded for these classes of investor in June compared with 38.5 per cent over the three months as a whole.

The Dutch option classes accounted for 75 per cent of the contracts, with Philips the most active at 13,054. It was followed by KLM with 8,526 contracts, although KLM was not introduced until May 22. U.S. options accounted for 10,525 contracts, led by Eastman Kodak with 4,088, followed by General Motors and IBM.

The three UK stocks, which have been affected by problems in gaining access to underlying prices and the existence of the rival London options market, accounted for only 645 contracts—less than 1.5 per cent of the total.

Fresh support by Bundesbank

By Jeffrey Brown

OFFICIAL SUPPORT for the West German bond market continued yesterday with the Bundesbank buying some DM 345m in domestic paper. The central bank has now been "in the market" for over DM 1.5bn in the past six full days trading.

From Monday of last week the market has, on average, slipped by around 1½ points, and the setback has been both dramatic and unexpected.

Exactly why this weakness should occur so soon after the central bank's recent injection of an additional 12 per cent or so of liquidity is far from clear. But over the past few days market confidence has plainly evaporated and "talk" is now of long term bond yields of between 6¾ per cent and 7 per cent before the end of this year.

The authorities seem to have underestimated the squeeze on bank liquidity at a time when interest rates in the U.S. continue to march upwards. Moreover, the prospect of economic expansion within Europe — plus monetary union — is beginning to pose short term pressures for the West German currency.

VW rights transfer

THE West German state of Lower Saxony has approved the transfer of its subscription rights, gained through a Volkswagenwerke AG capital increase, to the Foundation Volkswagenwerke. However, the agreement leaves Lower Saxony's voting rights intact, which amount to a 20 per cent blocking minority, according to AP-DJ in Hannover.

The agreement transfers to the foundation DM 180m for the capital increase in a trust arrangement. To receive a continuation of voting rights, Lower Saxony has agreed to turn over annual profits gained through the new shares. Also, if the foundation wishes to sell the shares, Lower Saxony has a prior purchase option.

MALAYSIA

The local banks begin to stir

BY WONG SULONG IN KUALA LUMPUR

MALAYSIAN-OWNED banks are known for their conservatism, small size and parochial base, which explains why the most profitable businesses have traditionally been in the hands of the few foreign-incorporated banks. Even today, 21 years after Independence, the foreign banks account for half the total loans and advances in Malaysia.

But in recent years, at the constant pressing of the central Bank, Bank Negara, local banks have begun to stir.

The changes and mood in the Malaysian banking scene are illustrated by what has taken place at banks such as the United Asian and the Development and Commercial.

The United Asian Bank emerged in 1973 out of three Indian banks, which for many years had operated inconspicuously, serving almost exclusively the 1m Indians in Malaysia, and their remittances and trade with India. Then, in 1969, the Indira Gandhi Government nationalised the Indian banks.

This posed a dilemma for the three Indian banks, as Malaysian law prohibits any foreign government-controlled bank from operating in the country.

The banks had the option of closing down, or restructuring their ownership. They chose the second alternative, and after four years of negotiations, the three—the Indian Overseas Bank, the Indian Bank and the United Commercial Bank—merged to form the United Asian Bank.

The Indian banks retained a third of the equity of the new bank; another 20 per cent went to the Malays; and the rest was taken up mainly by Malaysian Indian businessmen.

With this reconstruction and consolidation, the UAB expanded rapidly. As a local Malaysian bank, it was allowed to open more branches and in five years, it had extended its branch network from 10 to 29.

Deposits have risen sharply from 97m ringgits in 1973 to 642m ringgits last year. So have advances and loans, which increased from 64m ringgits to 745m during the period. Similar progress is also shown in earnings, with pre-tax profits rising progressively from 1.7m ringgits in 1973 to 11.2m in 1977.

Ensuring growth through consolidation

Last year, the bank made a one-for-one rights issue, to increase its paid-up capital to 20m ringgits, bringing it more in line with the increase in deposits. Together with its reserve funds and retained profits, shareholders' funds were raised to 34m ringgits, compared with 19m in 1976.

Recently, Mr. Vishnu Murthy, who played a major role in UAB's formation relinquished the chief executive director's post to return to Madras as chairman and managing director of the Indian Overseas Bank.

His successor, Mr. R. Pichai—formerly general manager of United Commercial Bank in Calcutta—sees his role as one of ensuring growth through consolidation.

The bank's rapid expansion has stretched its staffing and financial resources. "Before we expand again, we must build up a core of experienced personnel. This will take time. We have 13 Indian expatriate officers with us, but they will have to go back to India later," says Mr. Pichai. Last year, the bank which is controlled in its employment of Indian expatriates by the Government's Malaysianisation policy, recruited an extra 200 staff. Increased salaries alone will slow down profit growth.

The bank will embark on a 19m ringgit development next year, when construction of its 21-storey headquarters building begins. The site is on prime land in the banking and shopping district of Kuala Lumpur which UAB bought from Robinson Singapore for 5m ringgits two years ago.

Unlike most banks, UAB is at home with the Bank Negara's directives on lending to certain priority areas, such as agriculture, and Malay businesses. In India, banks are required to allocate 33 per cent of their advances to priority areas.

UAB has a special animal husbandry section with veterinary surgeons and agricultural specialists to assess and advise on loans and projects.

The bank is particularly proud of its jewellery experts, and here faces up to a typical Eastern situation with advantage. An Asian family may need urgent cash for a wedding, a religious function, medical expenses or short-term working capital, but has only jewellery as collateral. UAB is prepared to offer cash at 1 per cent interest a month, a far cheaper facility than those offered by pawnbrokers and moneylenders.

The Development and Commercial Bank was for many years a typical Chinese family business, symbolised by the uninspiring logo, to the western eye, of an ancient Chinese coin.

Serving traders in Chinatown

Started by Malaysia's first Finance Minister, Tun Sir Henry H. S. Lee, it was content with making small profits serving the petty traders in Kuala Lumpur's Chinatown.

The transformation began two years ago, when Sir Henry's younger son, Mr. Alex Lee, 38, took charge of the bank.

There was a restructuring and injection of fresh capital, with Malay interests taking a substantial stake in D and C. From six branches in 1976, it has extended its network by another eight, and plans to open more. Deposits, which stood at 29m ringgits in 1975 rose to 52m last year, and are expected to reach 83m this year. Like the UAB, it has undertaken major recruitment, and at the same time held down the expansion in this area by redeployment.

The growth is reflected in earnings. After-tax profits last year were 1.23m ringgits, compared with 947,000 ringgits the previous year.

Other changes include reorganising its subsidiary Golden Castle Finance Corporation, and renaming it D and C Finance. The subsidiary made a meagre profit of 75,000 ringgits last year, but a much better showing is expected from it in future.

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INTL. FINANCIAL AND COMPANY NEWS

Modest earnings increase for Rembrandt Group

BY RICHARD ROLFE

JOHANNESBURG, July 17.

REMBRANDT GROUP, the tobacco-based South African multinational which has diversified into areas such as mining, liquor and textiles, has reported a modest increase in pre-tax profits for the year ended March 31, with the figure up from R117.2m to R121.2m ($139.3m). With the tax charge up from R31.4m to R33.5m the net profit level has risen from R85.8m to R87.8m ($100.9m).

Out of the latter figure an item of R11m, down from R14.9m the year before, is attributable to outside shareholders, and after a one-off charge of R1.2m for extraordinary items, the net attributable figure is up from R70.8m to R78m. Earnings per share on this computation are up from 135.7 cents to 149.3 cents.

The shares are a popular local institutional stock despite the lack of detail as to profit sources and at 385 cents today yield 5.8 per cent on the dividend for the year, which was raised 2.5 cents to 22.5 cents. Hence the latest dividend is covered 6.8 times by earnings. The current share price compares with the 1977 low of 235 cents.

That pre-tax profits have risen this year largely reflects the contribution of associated companies. These are 25 per cent to 50 per cent holdings by Rembrandt Group which are equity accounted, and their contribution rose from R19.4m to R28.5m. Without these additions, which largely flow from the 25 per cent holding in the mining group Federale Mynbou, pre-tax profits for the year would have been lower. Federale Mynbou, the holding company for General Mining, raised pre-tax profits from R109m to R114m last year, accounting for most of the associates' contribution.

An important factor behind the reduced profits applicable to other shareholders appears to have been the figures from the 67 per cent owned clothing group IL Back, which reported a consolidated loss including special provisions of R5.3m. Rembrandt Group's holding in Volkskas the largest indigenous South African bank, has not been equity accounted as it is only 20 per cent and only the dividends have been brought in.

The preliminary accounts show a figure of R483m for net shareholders funds suggesting a net asset value of about 930 cents per share. The group maintains a traditionally low profile but "full details" are promised with the annual report and accounts to be sent out at the end of the month.

Kirin to better half-year targets

TOKYO, July 17.

KIRIN Breweries Company expects after-tax profit in the first half-year, to July 31, to rise to about Y9.3bn ($45.8m) from Y8.58bn in the same period of last year on sales increasing to about Y430bn ($2.1bn) from Y361.16bn.

The expected profit and sales are higher than the initial targets of Y8.70bn and Y379bn, respectively.

Kirin, with a market share exceeding 60 per cent, said that the better-than-expected business performance follows a rise in sales of beer in an unusually hot summer and a rise of about 10 per cent in sales after a liquor tax rise in May.

Beer sales in the first half are expected to total 1.49m kilolitres, compared with an initial target of 1.41m and sales of 1.36m in the same period last year.

The company hopes to declare an unchanged interim dividend of Y3.75 per share of Y50 par value.

Reuter

Malaysian Tobacco moves ahead

BY WONG SULONG

KUALA LUMPUR, July 17.

A SHARP RISE in profits has been reported by the Malaysian Tobacco Company for the first half of the current financial year.

After-tax profits for the six months to March rose by 42.9 per cent from 11.2m ringgits to 16m ringgits (U.S.$6.8m). Sales increased by 11.9 per cent, from 263m ringgits to 294m ringgits.

The company, which is a subsidiary of British-American Tobacco Company, says that the continuing popularity of its main cigarette brands, the more efficient use of its resources and an improvement in margins in both Malaysia and Singapore, contributed to the profit gain.

However, the rising cost of raw materials will erode profit margins for the second half, it says, although results for the full year are expected to show a satisfactory increase over the last year.

To rationalise its structure, MTC undertook a reconstruction which came into effect this month under which the Malaysian and Singapore operations were separated.

For comparison, the Malaysian sales rose by 11 per cent to 251m ringgits, with profits rising by 40 per cent to 14.8m ringgits, while the Singapore side registered a 17 per cent increase in sales to 42m ringgits, with profits rising 81 per cent to 1.18m ringgits.

* * *

GOLD COIN, the Singapore feedmill producer and trader, is offering 30 per cent of the equity in its wholly-owned Malaysian subsidiary to the Malaysian public as part of its reconstruction plans, writes Wong Sulong from Kuala Lumpur.

The 4.5m shares of 1 ringgit each of Gold Coin Malaysia will be sold at a premium of 5 cents.

The company says that 1.8m shares have been preplaced by Malay financial institutions, while another 1.2m will be allocated to Malay individuals. Another 450,000 shares will be reserved for employees and major customers, leaving the remaining 1.05m shares for the public.

Gold Coin Malaysia operates four feedmills in Malaysia and markets its products through its subsidiary, F. E. Zuellig.

It expects a pre-tax profit of 4.22m ringgits for this year and promises to pay a 10 per cent dividend.

This gives a yield of 28.3 cents on gross earnings per share, while the gross price-earning ratio comes to 3.7.

On an after-tax basis, net earnings per share is expected to stand at 14.9 cents, while the net price-earning ratio is 7.

Profits up at Worldwide International

By Anthony Rowley

HONG KONG, July 17.

WORLD-WIDE International Holdings, a quoted company in Sir Yue-Kong Pao's Worldwide Shipping Group, has announced a 15.3 per cent rise in net profits, to HK$54.57m (US$11.7m) for the year to March 31, from HK$47.31m in the previous year.

The company said that the latest results include extraordinary gains which are not being detailed until the annual report. They do not derive from ship sales, however. A final dividend of 18.5 cents a share is recommended, making a total payout for the year of 25 cents, against 23 cents last year.

Telecom floats controversial A$50m loan

BY JAMES FORTH

SYDNEY, July 17.

THE GOVERNMENT-OWNED Australian Telecommunications Commission (Telecom) today opened a controversial A$ 50m public loan—its first market funding for 1978-79. As Telecom is a Government authority the loan needed approval from the Loan Council, a body representing the state and Federal treasures. However, Telecom encountered difficulties in obtaining approval because of opposition to some of the terms of the loan.

Telecom has raised only three previous public loans. Until 1976 it was entirely funded from the Federal Government's budget, but it now has to raise some of its capital requirements on the market. Telecom has been noted for its innovations in the capital market: it has placed great stress on the marketability of its stock and has established a strong secondary market in which it actively buys and sells its own securities; and it was the first borrower to break from the traditional underwriting by a major sharebroking firm to using an underwriting syndicate, along European lines.

In the latest borrowing Telecom sought to introduce further changes. It stipulated that the management group handling the loan should include for the first time at least one Sydney and one Melbourne sharebroker, and that it should include some members to invest in Telecom securities on a medium- to long-term basis—such as a trading bank or life office. A further requirement was that co-managers had to agree not to underwrite any other loan while the Telecom loan was being marketed.

Telecom offered potential underwriters several choices. They could opt for a traditional underwriting for up to A$80m, setting their own rates, or an underwriting on which the yields were established for sub-underwriters, with the underwriters virtually tendering on the margin. Under this latter method the underwriters could take an amount firm up to $A80m or underwrite a minimum of $A30m, with an additional amount to be decided immediately before the loan opened in the light of the then prevailing market conditions.

Some of the potential underwriters refused to accept all of these conditions, but on June 19 Telecom announced that a syndicate led by the Sydney sharebroker, Bain and Co. would handle the loan. Co-managers were the ANZ Banking Group, QBE insurance and the Melbourne sharebroker, Davies and Dalziel.

Normally Loan Council approval is received within seven to ten days after the loan has been awarded, but on this occasion it took almost three weeks and came through only late last week.

The Loan Council was unhappy about some of the terms, particularly the requirement that underwriters had to refrain from handling other issues concurrently with a Telecom loan. It was claimed that this could interfere with the orderly marketing of such loans. Telecom declined to change its terms, because it was feared it might have to retender the loan. The impasse was solved when the Loan Council gave approval, subject to deletion of the exclusivity requirement.

Telecom also had to make concessions on the amount of the loan. The management syndicate agreed to underwriting a minimum of $A30m with an additional amount to be decided immediately before the loan. But the Loan Council would not give approval to a raising for an indeterminate amount, so that a figure of $A50m was set.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on July 17, 1978. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available: (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exC) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit		Value of £ Sterling
Afghanistan	Afghani	75.00
Albania	Lek	10.077
Algeria	Dinar	7.5624
Andorra	French Franc	8.42
	Spanish Peseta	145.80
Angola	Kwanza	n.a.
Antigua (S)	E. Caribbean $	5.0807
Argentina	Ar. Peso Free Rate	1,500
Australia (S)	Australian $	1.6450
Austria	Schilling	28.05
Azores	Portug. Escudo	85.10
Bahamas (S)	Ba. Dollar	1.8800
Bangladesh (S)	Taka	27.94(sg)
Bahrain (S)	Dinar	0.731
Balearic Isles	Spn. Peseta	145.80
Barbados (S)	Barbados $††	3.760
Belgium	B. Franc	(cm)61.20 (fn)62.10
Belize	B $	3.760
Benin	C.F.A. Franc	421
Bermuda (S)	Bda. $	1.8800
Bhutan	Indian Rupee	15.280(sg)
Bolivia	Bolivian Peso	37.60
Botswana (S)	Pula	1.5569
Brazil	Cruzeiro ‡‡	35.94
Br. Virgin Is (S)	U.S. $	1.8800
Brunei (S)	Brunei $	4.35
Bulgaria	Lev	1.6561
Burma	Kyat	12.6550
Burundi	Burundi Franc	168.285
Cameroun Rp	C.F.A. Franc	421
Canada	Canadian $	2.1195
Canary Isles	Spanish Peseta	145.80
Cape Verde I.	Cape V Escudo	86.10
Cayman Is(S)	Cay. I. $	1.5667
Cent. Af. Rp.	C.F.A. Franc	421
Chad	C.F.A. Franc	421
Chile	C. Peso	(Bk) 60.61
China	Renminbi Yuan	3.2285
Colombia	C. Peso	(F) 75.27
Comoro Is.	C.F.A. Franc	421
Congo (B'ville)	C.F.A. Franc	421
Costa Rica	Colon	16.168
Cuba	Cuban Peso	1.4157
Cyprus (S)	Cyprus £	0.7075
Czechoslovakia	Koruna	(com)10.10 (cn)20.20 (T)17.68
Denmark	Danish Krone	10.581½
Djibouti	Fr.	310
Dominica (S)	E. Caribbean $	5.0807
Domin. Rep.	Dominican Peso	1.8800

Place and Local Unit		Value of £ Sterling
Ecuador	Sucre	(O) 46.95 (F) 49.45
Egypt	Egyptian £	(O)0.734 (T) 1.27
Ethiopia	Ethiopian Birr	(P) 3.8960
Eq'l Guinea	Peseta	145.80
Falkland Is. (S)	Falkland Is. £	1.0
Faro Is.	Danish Krone	10.581½
Fiji Is.	Fiji $	1.5942
Finland	Markka	7.8510
France	French Franc	8.42
Fr. C'ty in Af*	C.F.A. Franc	421
Fr. Guiana	Local Franc	8.42
Fr. Pac. Is.	C.F.P. Franc	153.09
Gabon	C.F.A Franc	421
Gambia (S)	Dalasi	3.891
Germany (East)	Ostmark	3.89¼
Germany West	Deutschmark	3.88¼
Ghana (S)	Cedi	2.60(sg)
Gibraltar (K)	Gibraltar £	1.00
Gilbert Is.	Aust. Dollar	1.6450
Greece	Drachma	68.9865
Greenland	Danish Kroner	10.581½
Grenada (S)	E. Caribbean $	5.0807
Guadaloupe	Local Franc	8.42
Guam	US $	1.8800
Guatemala	Quetzal	1.8800
Guinea Rep.	Sily	37.470
Guinea Bissau		65.680
Guyana (S)	Guyanese $	4.784
Haiti	Gourde	9.400
Honduras Rep	Lempira	3.76
Hong Kong (S)	H.K. $	8.77½
Hungary	Forint	(com) 72.66 (T)(nc)36.53
Iceland (S)	I Krona	491.65
India (S)	Ind. Rupee	15.280(sg)
Indonesia	Rupiah	780.2
Iran	Rial	(A)152
Iraq	Iraq Dinar	0.5571
Irish Rep (k)	Irish £	1.00
Israel	Israel £	33.8580
Italy	Lira	1,597
Ivory Coast	C.F.A. Franc	421
Jamaica (S)	Jamaica Dollar	2.914
Japan	Yen	383
Jordan (S)	Jordan Dinar	0.567(sg)
Kampuchea	Riel	2.286
Kenya (S)	Kenya Shilling	14.5887
Korea (Nth)	Won	1.7216(‖)
Korea (Sth)	Won	912.58
Kuwait (Sth)	Kuwait Dinar	0.515
Laos	Kip Pot Poi	376.0
Lebanon	Lebanese £	5.499
Lesotho	S. African Rand	1.64152
Liberia	Liberian $	1.8800
Libya	Libyan Dinar	(P)0.5568

Place and Local Unit		Value of £ Sterling
Liecht'nstn	Swiss Franc	3.44¼
Luxembourg	Lux Franc	61.20
Macao	Pataca	9.5944
Madeira	Portug'se Escudo	86.10
Malagasy Rp.	MG Franc	421
Malawi (S)	Kwacha	1.5797
Malaysia (S)	Ringgit	4.456
Maldive Is.(S)	Mal Rupee	7.368
Mali Rp.	Mali Franc	842
Malta (S)	Maltese £	0.7569
Martinique	Local Franc	8.42
Mauritania	Ouguiya ‡	84.085
Mauritius (S)	M. Rupee	11.6443
Mexico	Mexican Peso	43.00
Miquelon	C.F.A. Franc	421
Monaco	French Franc	8.42
Mongolia	Tugrik	(O)6.7335(‖)
Montserrat	E. Caribbean $	5.0807
Morocco	Dirham	7.78(sg)
Mozambique	Moz. Escudo	62.8285
Nauru Is.	Aust. Dollar	1.6450
Nepal	Nepalese Rupee	22.56
Netherlands	Guilder	4.19½
Neth. Ant'les	Antillian Guild.	[illegible]
New Hebrides	Franc	155.09
	Austl. Dollar	1.6450
N. Zealand (S)	N.Z. Dollar	1.8195
Nicaragua	Cordoba	13.26
Niger Rp.	C.F.A. Franc	421
Nigeria (S)	Naira	1.205009
Norway	Nrwg. Krone	10.18½
Oman Sultanate of (S)	Rial Omani	0.651
Pakistan	Pkst. Rupee	18.61(sg)
Panama	Balboa	1.8800
Papua N.G. (S)	Kina	1.3307
Paraguay	Guarani	236.56
Ppl's D. Rp of Yemen (S)	S. Yemen Dinar	(A)0.64262
Peru	Sol	exc(A)281.10
Philippines	Ph. peso	13.8577
Pitcairn Is. (S)	£ sterling	—
	New Zealand $	1.8195
Poland	Zloty	(Cm)60.20 (T)60.20
Portugal	Pgse. Escudo	86.10
Port Timor	Timor Escudo	86.10
Principe Isle	Pgse. Escudo	86.10
Puerto Rico	U.S. $	1.88000
Qatar (S)	Qatar Ryal	7.51
Reunion Ile de la	French Franc	8.42
Rhodesia	Rhodesian $	1.3056

Place and Local Unit		Value of £ Sterling
Romania	Leu	(cm)8.49 (nc)T22.79
Rwanda	Rwanda Franc	176.10
St. Christopher (S)	E. Caribbean $	5.0807
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	5.0807
St. Pierre	C.F.A. Franc	421
St. Vincent (S)	E. Caribbean $	5.0807
Salvador El	Colon	4.72
Samoa (Am)	U.S. $	1.8800
San Marino	Italian Lire	1,597
San Tome	Pgse. Escudo	86.10
Saudi Arabia	Ryal	6.40
Senegal	C.F.A. Franc	421
Seychelles	S. Rupee	15.55
Sierre Le'ne (S)	Leone	2.0
Singapore (S)	Singapore $	4.55
Solomon Is (S)	Solomon Is. $	1.6450
Somali Rep.	Som Shilling	(A)11.835
Sth. Africa (S)	Rand	1.64152
S. W. African Territories (S)	S. A. Rand	1.64152
Spain	Peseta	145.80
Span. Ports in North Africa	Peseta	145.80
Sri Lanka (S)	S. L. Rupee	29.29(sg)
Sudan Rp.	Sudan £	(A)0.752
Surinam	S. Gilder	3.3652
Swaziland (S)	Lilangeni	1.64152
Sweden	S. Krona	8.58
Switzerland	Swiss Franc	3.4414
Syria	Syria £	(A)7.378
Taiwan	New Taiwan	(P)67.69
Tanzania (S)	Tan. Shilling	14.58875
Thailand	Baht	38.89(sg)
Togo Rp.	C.F.A. Franc	421
Tonga Is. (S)	Pa'anga	1.5871
Trinidad (S)	Trin. & Tobago	[illegible]
Tunisia	Tunisian Dinar	0.772(sg)
Turkey	Turkish Lira	45.75
Turks & C's	U.S. $	1.8800
Tuvalu	Australian £	[illegible]
Uganda (S)	Ug. Shilling	[illegible]
United States	U.S. Dollar	1.8800
Uruguay	Uruguay Peso	(cm)11.52 (fn)11.29
Utd. A'b Emts.	U.A.E. Dirham	7.31
U.S.S.R.	Rouble	1.28
Upper Volta	C.F.A. Franc	421
Vatican	Italian Lire	1,597
Venezuela	Bolivar	8.10
Vietnam (Nth)	Dong	(O) 4.4876 (T)4.2157(5)
Vietnam (Sth)	Piastre	5.4780
Virgin Is. U.S.	U.S. Dollar	1.8800
Western Samoa (S)	Samoan Tala	1.1691
Yemen	Ryal	8.40(sg)
Yugoslavia	New Y Dinar	35.5356
Zaire Rp	Zaire	1.517159
Zambia	Kwacha	1.546

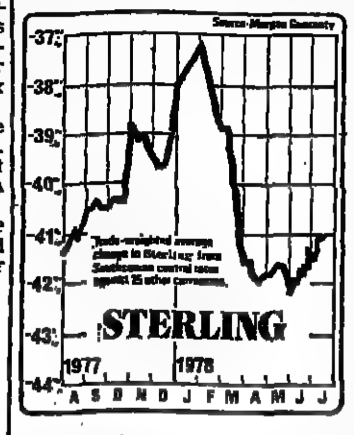
* That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.
† Rupees per pound.
‡ The Auguya has replaced the CFA franc. The exchange was made at a rate of CFA Fr 5 to one unit of the new currency.
§ General rates of oil and iron exports 78.960.
‖ Based on cross rates against Russian rouble.
** Rate is the Transfer market (controlled).
†† Rate is now based on 2 Barbados $ to the dollar.
‡‡ Now one official rate.

Currency, Money and Gold Markets

Dollar firmer in nervous trading

Initial reactions to the Bonn summit gave the U.S. dollar a slight boost as it appeared that the seven countries had reached some agreement on major economic issues. However, trading remained nervous and ahead of a more comprehensive statement, business tended to be patchy. In fact conditions were such that any one of the several rumours in circulation possessed enough weight to alter rates in such thin trading.

The dollar finished on or around its best levels for the day with demand picking up during the afternoon as sentiment improved. The West German mark eased to DM 2.0695 from DM 2.0592½ in terms of the dollar while the Swiss franc fell to SwFr 1.8310 compared with SwFr 1.8135 on Friday.



Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation narrowed to 7.5 per cent from 7.7 per cent previously.

Sterling showed a little movement and after opening at $1.8860-$1.8870, it improved on genuine demand to touch $1.8880-1.8890. During the afternoon, however, the dollar's firmer trend pushed the pound down to $1.8790-1.8800 before recovering slightly at the finish to $1.8795-1.8805, a loss of 25 points from Friday's close. There was little to indicate that the authorities may have intervened and the Bank of England's calculation of the pound's index rose to 62.1, a level held all day and compared with 62.0 previously.

FRANKFURT — In extremely nervous trading ahead of the end of the Bonn summit, the dollar rose from its fixing of DM 2.0601 but finished the day below its best levels at DM 2.0655. At one point the U.S. currency had touched DM 2.0680 during the afternoon on rumours of a new German commitment on growth and greater efforts on a U.S. energy policy.

Against other major currencies the D-mark was narrowly mixed and the Bundesbank trade weighted mark revaluation index against 22 currencies rose slightly to 145.6 from 145.3, up 0.8 per cent from the end of 1977.

ZURICH—After an initially firmer start, the dollar lost ground as the level of business diminished. During the morning the U.S. currency's rise was attributable to favourable reactions to the Bonn summit. The market is now awaiting the final statement from the conference. The dollar was quoted at SwFr 1.8168, below its earlier level of SwFr 1.8190, and DM 2.0611½ against DM 2.0617 at the start. The yen also improved at the dollar's expense to Y202.55 from Y203.45.

AMSTERDAM—At the fixing the dollar was slightly firmer at Fl 2.2240 compared with Fl 2.2180 on Friday. In later trading it continued to improve to Fl 2.2293.

PARIS—The dollar showed little movement in generally unsettled conditions and was quoted at FFr 4.4785.

TOKYO—The dollar improved slightly in moderate trading to Y202.975 from Y202.725 on Friday. After opening at Y202.40, the U.S. currency touched Y203 at one point and may have gained some benefit from a little profit taking. Some sources suggested however, that the dollar was unlikely to receive much impetus from the European summit and that the market is awaiting today's scheduled publication of Japan's trade figures for June. Turnover in the spot market amounted to $324m while combined forward swap trading accounted for $597m.

THE POUND SPOT / FORWARD AGAINST £

July 17	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	7¼	1.8790-1.8890	1.8795-1.8805	0.55-0.45c.pm	3.06	1.25-1.15c.pm	2.51
Canadian $	8½	2.1100-2.1210	2.1100-2.1110	0.60-0.50c.pm	3.12	1.45-1.35c.pm	2.66
Guilder	4	4.18-4.21½	4.19-4.20	2¾-1¾ c.pm	6.43	6⅝-5⅝ c.pm	6.07
Belgian Fr.	5½	61.10-61.40	61.15-61.25	35-25 c. pm	5.88	85-75c.pm	5.22
Danish Kr.	9	10.57-10.63½	10.59-10.60	¼-2¼ ore dis	-1.42	6½-8½ ore dis	-2.85
D-Mark	3	3.87½-3.90½	3.88½-3.89½	3-2 pf pm	7.71	7¾-6¾ pf pm	7.45
Port. Esc.	18	85.80-86.40	85.90-86.50	55-155 c. dis	-11.84	105-405c.dis	-11.85
Span. Pes.	8	145.70-146.30	145.75-145.85	10.70 c. dis	-3.29	Par-80 c.dis	-1.10
Lira	11½	1,596-1,605	1,598½-1,597½	par-2 lire dis	-0.75	3-5 lire dis	-1.00
Nrwgn. Kr.	7	10.17½-10.22½	10.18-10.19	¾-1¼ lire dis	-0.29	¼-2¼ ore dis	-0.53
French Fr.	9½	8.39-8.45	8.41½-8.42½	1½-½ c. pm	1.06	3¼-2¼ c.pm	1.51
Swedish Kr.	7	8.56½-8.62½	8.57½-8.58½	1¾orpm ½ordis	1.58	3⅞-1⅞ ore pm	1.28
Yen	3½	378-386	382-384	3.00-2.75y.pm	8.84	8.10-7.85y.pm	8.28
Austria Sch	4½	27.85-28.10	28.00-28.10	15-5 gro pm	4.28	45.35 gro pm	5.70
Swiss Fr.	1	3.41½-3.46	3.43½-3.44½	3⅛-2⅛ c.pm	9.16	8¼-7¼ c.pm	9.01

Belgian rate is for convertible francs. Financial franc 62.05-62.15.

Six-month forward dollar 2.35-2.25c pm 12-month 4.77-4.67c pm.

THE DOLLAR-SPOT / FORWARD AGAINST $

July 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canad'n $*	89.07-89.10	89.07-89.10	par-0.02c pm	0.12	0.02-0.05c pm	0.15
Guilder	2.2230-2.2292	2.2282-2.2292	0.72-0.67c pm	3.66	1.92-1.86c pm	3.53
Belgian Fr	32.47-32.54	32.52-32.54	8¼-7¼c pm	2.72	23½-22c pm	2.72
Danish Kr	5.6125-5.6375	5.6355-5.6375	—		—	
D-Mark	2.0615-2.0645	2.0635-2.0645	0.89-0.84pf pm	4.63	2.63-2.58pf pm	5.06
Port. Es	—	45.55-45.65	—		—	
Lira	849.20-850.15	849.20-849.45	2.45-2.85lire dis	-3.40	7.25-8.00lire dis	-3.74
Nrwgn. Kr	5.4010-5.4190	5.4170-5.4190	—		—	
French Fr	4.4700-4.4775	4.4750-4.4775	0.35-0.45c pm	-0.98	1.15-1.35c pm	-1.14
Swedish Kr	4.5450-4.5645	4.5605-4.5625	—		—	
Yen	202.80-203.55	202.88-203.00	1.05-0.95y pm	5.36	2.95-2.85y pm	5.53
Austria Sch	—	14.8200-14.8300	—		—	
Swiss Fr	1.8180-1.8230	1.8220-1.8230	[illegible]	6.58	3.12-3.08c pm	6.71

* U.S. cents per Canadian $.

CURRENCY RATES

July 17	Special Drawing Rights	European Unit of Account
Sterling	0.659783	0.664191
U.S. dollar	1.24567	1.25361
Canadian dollar	1.39914	1.40510
Austrian schilling	18.4951	18.5923
Belgian franc	40.4407	40.6986
Danish kroner	7.00253	7.05078
Deutsche Mark	2.56620	2.58135
Guilder	2.77037	2.78798
French franc	5.57500	5.60624
Lira	1057.89	1064.43
Yen	252.622	253.361
Norwegian kroner	6.74530	6.78367
Peseta	96.5295	97.0864
Swedish kroner	5.68399	5.71088
Swiss franc	2.26488	2.27627

CURRENCY MOVEMENTS

July 17	Bank of England Index	Morgan Guaranty changes %
Sterling	62.08	-41.8
U.S. dollar	86.84	- 7.5
Canadian dollar	84.83	-12.8
Austrian schilling	139.52	+18.7
Belgian franc	109.84	+11.7
Danish krone	113.96	+ 5.2
Deutsche Mark	140.36	+35.3
Swiss franc	185.11	+78.1
Guilder	119.83	+17.6
French franc	99.82	- 3.5
Lira	56.65	-46.3
Yen	145.50	+43.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

July 17	£	$		£ Notes Rate
Argentina Peso	1,498-1,502	796.80-798.94	Austria	27¼-28¼
Australia Dollar	1.6400-1.6500	0.8725-0.8737	Belgium	61-62½
Finland Markka	7.9270-7.9350	4.2095-4.2115	Denmark	10.50-10.65
Brazil Cruzeiro	33.44-34.44	17.79-18.32	France	8.30-8.45
Greece Drachma	68.156-69.837	36.25-37.15	Germany	3.80-3.90
Hong Kong Dollar	8.7625-8.7875	4.6520-4.6540	Italy	1570-1600
Iran Rial	129-135	68.62-71.81	Japan	380-390
Kuwait Dinar (KD)	0.510-0.520	0.2713-0.2765	Netherland	4.10-4.25
Luxembourg Franc	61.15-61.25	32.55-32.57	Norway	10.10-10.25
Malaysia Dollar	4.4475-4.4625	2.3615-2.3625	Portugal	80-85
New Zealand Dollar	1.8145-1.8245	0.9658-0.9662	Spain	1,435-1,465
Saudi Arabia Riyal	6.41-6.51	3.40-3.45	Switzerland	3.35-3.45
Singapore Dollar	4.3435-4.3575	2.3065-2.3075	United States	1.88-1.89½
South African Rand	1.6328-1.6498	0.8685-0.8775	Yugoslavia	34-36

Rate given for Argentina is free rate.

EXCHANGE CROSS-RATES

July 17	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.880	3.893	383.0	8.420	3.443	4.195	1597.	2.111	61.20
U.S. Dollar	0.532	1.	2.070	203.7	4.479	1.831	2.231	849.5	1.123	32.55
Deutsche Mark	0.257	0.483	1.	98.39	2.163	0.884	1.078	410.3	0.542	15.72
Japanese Yen 1,000	2.611	4.909	10.16	1000.	21.98	8.988	10.95	4170.	5.510	159.8
French Franc 10	1.188	2.233	4.623	454.9	10.	4.088	4.982	1897.	2.507	72.68
Swiss Franc	0.290	0.546	1.131	111.3	2.446	1.	1.219	463.9	0.613	17.78
Dutch Guilder	0.238	0.448	0.928	91.30	2.007	0.821	1.	380.7	0.503	14.59
Italian Lira 1,000	0.626	1.177	2.437	239.8	5.272	2.156	2.627	1000.	1.322	38.32
Canadian Dollar	0.474	0.891	1.844	181.5	3.990	1.631	1.988	756.7	1.	29.00
Belgian Franc 100	1.634	3.072	6.360	625.8	13.76	5.625	6.855	2609.	3.449	100.

EURO-CURRENCY INTEREST RATES*

July 17	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	12-13½	7¼-8¼	7⅞-8	4⅜-4⅝	2⅛-2⅝	3⅜-3½	8½-8⅝	9-15	—	—
7 days notice	11½-12½	7¼-8¼	7⅞-8⅛	4½-4¾	2-2¼	3⅜-3½	8⅜-8⅝	11-12	7¹⁵⁄₁₆-8¹⁄₁₆	2½-2⅝
Month	10¾-11¼	7⅞-8⅛	8⁵⁄₁₆-8⁷⁄₁₆	4½-4¾	1⅞-2	3½-3⅝	9⅛-9⅜	11½-12½	8⅛-8¼	2½-3⅛
Three month	11⅛-11½	8-8⅜	8⁹⁄₁₆-8¹¹⁄₁₆	4⅞-5⅛	1⅞-2	3½-3⅝	9⅛-9⅜	12½-13½	8⅝-8¾	2⅞-3⅛
Six months	11⅝-12	8⅝-8⅞	9-9¼	5⅜-5⅛	2⅛-2¼	3¾-3⅞	10⅜-10⅝	13½-14½	9-9¼	3⅛-3⅜
One year	12-12⅜	8⅞-9⅛	9⅛-9⅜	6⅛-6⅜	2⅜-2⅝	3⅞-4	10⅞-11⅛	14-15	9¼-9⅜	3⅞-4⅛

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.10-8.20 per cent; three months 8.45-8.55 per cent; six months 8.90-8.80 per cent; one year 9.05-9.15 per cent.

Long-term Eurodollar deposits: two years 9¼-9⅜ per cent; three years 9⁷⁄₁₆-9⁹⁄₁₆ per cent; four years 9⁹⁄₁₆-9¹¹⁄₁₆ per cent; five years 9½-9⅝ per cent. * Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Hong Kong prime rates rise

Prime lending rates of the leading Hong Kong banks have been raised by 0.5 per cent to 6 per cent, in a move probably intended to help the Hong Kong dollar.

Official policy towards the end of last year was to peg interest rates to prevent speculative inflows into the Hong Kong dollar, but the currency has not performed well in recent months, losing more than five per cent this year against other currencies on a trade-weighted basis, and about 30 per cent in terms of the Japanese yen.

A general upward trend in rates, including those in the U.S., has led to pressure on Hong Kong interest rates. The last rise in prime rates was by 0.75 per cent on May 1, and this further rise was widely expected.

Hong Kong's new rates will lead to a rise of 0.25 per cent in interest paid on savings and three-month fixed deposits, to 2.5 per cent. The same rate will apply to seven-day money. The rate offered on six-month deposits by Hong Kong and Shanghai Bank and Chartered Bank has been raised 1 per cent to 3.25 per cent, while 12-month deposits carry an interest rate of 4.75 per cent.

TOKYO—The call loan rate has been lowered by 0.12 per cent to 4.25 per cent. The overnight loans rate has been cut to 4.25 per cent, and the rate for unconditional money to 4.5 per cent.

PARIS—Day-to-day money was 7⅞ per cent, compared with 7½ per cent on Thursday before the Bastille Day holiday. One-month funds were unchanged at 7⅜-7½ per cent, and three-month at 7⁹⁄₁₆-7¹¹⁄₁₆ per cent. Six-month money rose ⅛ per cent to 8⅜-8½ per cent, while 12-month eased ⅛ per cent to 8⅝-8¾ per cent.

BRUSSELS—Call money rose to 4.65 per cent from 4.45 per cent. One-month deposit rates for Belgian francs (commercial) were unchanged at 5¼-5½ per cent, while three-month eased to 5¾-5⅞ per cent from 6-6¼ per cent. Six-month deposits were unchanged at 6¼-6½ per cent, and 12-month at 7¼-7½ per cent. The Belgian franc fell below its minimum permitted level against the D-mark within the European currency snake yesterday.

AMSTERDAM—Call money rose to 4¾-5 per cent from 4½-4¾ per cent. The one-month interbank rate was unchanged at 4¾-5 per cent, and the three-month was unchanged at 5¼-5½ per cent. Six-month money rose to 6¼-6½ per cent from 6-6¼ per cent.

NEW YORK—Federal funds rose to 7¹³⁄₁₆-7⅞ per cent from 7¾ per cent on Friday. The Federal Reserve made three-day and overnight repurchase orders. Other early money rates were steady.

GOLD

Weaker trend

Gold lost $1¼ an ounce in the London bullion market yesterday to close at $184-184½. After opening at $185-185½, the metal was fixed at $185.05 in the morning, a level repeated at the afternoon fixing. The closing level was the low for the day and was mainly in reaction to a generally stronger performance by the dollar.

In Paris the 12½ kilo bar was fixed at FFr 26,900 per kilo ($186.04 per ounce) compared with FFr 26,937 ($187.32) in the morning and FFr 26,950 ($188.15) on Thursday.

In Frankfurt the 12½ kilo bar was fixed at DM12,280 per kilo ($185.51 per ounce compared with DM 12,320 ($186.38) on Friday.

	July 17	July 14
Gold Bullion (a fine ounce)		
Close	$184-184½	$185¼-185½
Opening	$185-185½	$185½-186
Morning fixing	$185.05 (£97.988)	$186.00 (£98.850)
Afternoon fixing	$185.05 (£98.144)	$186.00 (£98.585)
Gold Coins domestically		
Krugerrand	$195½-196½ (£103-104)	$194-196 (£103-104)
New Sovereigns	$56¼-57¼ (£29½-30½)	$55½-57½ (£29½-30½)
Old Sovereigns	$54½-56½ (£29-30)	$54½-56½ (£29-30)
Gold Coins internationally		
Krugerrand	$190½-192½ (£101½-102½)	$191-193 (£101½-102½)
New Sovereigns	$55½-55½ (£28½-29½)	$54-56 (£29½-29½)
Old Sovereigns	$54½-56½ (£29-30)	$54½-56½ (£29-30)
$20 Eagles	$276-278½	$277½-280
$10 Eagles	$138-145	$141-146
$5 Eagles	$98-105	$100-105

UK MONEY MARKET

Severe shortage

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Fixed period interest rates were initially very firm in the London money market yesterday, but eased on news that the authorities have deferred the recall of special deposits, due next Monday, until September 11. The three month interbank rate opened at 10⅛-10⅜ per cent, and rose to 10⅜-10½ per cent, before falling to 10⅛-10¼ per cent at the close.

Day-to-day credit was in very short supply yesterday, and conditions are expected to remain difficult in the near future. The postponement of special deposit money was therefore seen as a move to moderate expected shortages in the money market during the next few weeks, and to avoid unduly severe pressure on the reserve asset position of the banking system, which would otherwise cause unnecessary fluctuations in short-term interest rates.

The Bank of England gave an exceptionally large amount of assistance, by lending an extremely large amount overnight, to six or seven discount houses, at Minimum Lending Rate of 10 per cent, and by buying a very large number of bills. The bill purchases consisted of moderate Treasury bills, small local authority bills, and moderate eligible bank bills. Some of these were bought for resale to the market at a fixed future date.

The help was not enough, however, and rates for overnight and call money remained very firm to the close. Interbank overnight rates finished around 25 per cent, while discount houses took late balances at 9¾-10 per cent.

Banks brought forward surplus balances yesterday, and the market was also helped by net maturing Treasury bills. These were heavily outweighed by a very substantial excess of revenue payments to the Exchequer over Government disbursements, a very sizeable increase in the note circulation, and repayment of the exceptionally large amount borrowed on Friday.

LONDON MONEY RATES

July 17 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	10¼-25	—	—	—	10¼-10	9¾-10	—	—	—
2 days notice	—	—	10¼-10⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	11	—	—	—	—
7 days notice	—	10¼-10⅞	10¼-10⅜	—	10¾	—	9⅞	—	—	—
One month	10⅞-10⅛	10¼-10⅞	10-10¼	10⅜-10	10⅞	10⅝	9⅝-9¾	9⅛-9¼	10¹⁄₁₆-10¼	10½
Two months	10¼-10⅛	10⅛-10⅜	—	10-9⅝	10⅞	—	9⅝-9½	9⅛-9⅜	9⅞-10⅛	10½
Three months	10⅛-10	10⅛-10⅜	9⅞-10	9¾-9½	10¾	—	9⅝-9½	9⅞-9⅞	9⅞	10⅝
Six months	10⅛-10	10⅛-10⅛	10-10⅛	9½-9¼	10¾	—	—	—	9⅞-9⅞	10¾
Nine months	10¼-10	10¼-10⅛	—	10⅛-9¾	10⅞	—	—	—	—	—
One year	10¼-10	10⅛-10⅞	10¼-10⅝	10¼-10	11	—	—	—	—	—
Two years	—	—	10⅞-11⅛	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years 11¾-12 per cent; four years 11¾-12¼ per cent; five years 12-12¼ per cent. ф Bank bill rates in table are buying rate for prime paper. Buying rates for four-month bank bills 9¾-9¹³⁄₁₆ per cent; four-month trade bills 10¼ per cent.

Approximate selling rates for one-month Treasury bills 9⅛⁄₃₂ per cent; two-month 9⁵⁄₁₆-9¼ per cent; and three-month 9⁵⁄₁₆ per cent. Approximate selling rate for one-month bank bills 9²⁹⁄₃₂-10 per cent; and two-month 9¹⁵⁄₁₆-9²⁷⁄₃₂ per cent; and three-month 9²⁵⁄₃₂-9¹³⁄₁₆ per cent. One-month trade bills 10⅜ per cent; two-month 10⅜ per cent; and also three-month 10¼ per cent.

Finance House Base Rates (published by the Finance Houses Association): 10 per cent from July 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6½-7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 9.3446 per cent.

MONEY RATES

NEW YORK

Prime Rate	9
Fed Funds	7.875
Treasury Bills (13-week)	7.11
Treasury Bills (26-week)	7.53

GERMANY

Discount Rate	3
Overnight	3.55
One month	3.6
Three months	3.7
Six months	4.05

FRANCE

Discount Rate	9.5
Overnight	7.625
One month	7.4375
Three months	7.625
Six months	8.3125

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.5
Bills Discount Rate	4.875

Profit-taking pares fresh Wall St. advance

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—106½% (104%)
Effective $1.8800—49¼% (47½%)

MOST OF a fresh initial advance on Wall Street yesterday was lost late in the session when profit-taking took its toll.

The Dow Jones Industrial Average, after last Friday's advance of 13 points, rose further to 845.58 before reacting to close a marginal 0.78 down on the day at 839.05. The NYSE All Common Index was finally a net 10 cents higher at $54.02, after reaching $55.17, while gains held just a narrow lead over declines at the close of 901 to 601. Turnover further increased to 29.18m shares from last Friday's level of 28.57m.

Hopes of a reduction in capital gains tax, which contributed to the stock market's strength last week, together with a continuing spate of bullish second-quarter corporate earnings reports, were factors spurring share prices further ahead early yestedsy.

However, analysts said that investors *began to show caution* later in advance of today's Federal Reserve Open Market Committee Meeting, and the stock market will be watching for hints of new policies.

The Bonn summit meeting produced little incentive for investors, analysts added.

IBM, which reported higher earnings on Friday and moved as high as $270¾ yesterday, finished 1½ down on the day at $266.

Ford and *General Motors* showed fractional losses despite a forecast by Ford of record 1978 car sales.

Boeing, which rose sharply last Friday after receiving a major order for aircraft, came back ⅞ to $58⅞ in active trading.

American Airlines, the volume leader, rose ⅛ to $13⅞—there were a number of large block trades.

Texaco, remained active but slipped to $26—last week there was speculation about the outcome of Texaco's drilling activity in the Baltimore Canyon.

Eastman Kodak shed ⅝ to $55⅝—the company wants a retrial of the Berkey Photo suit. **Berkey** were unchanged at $7⅞. **Polaroid** picked up ⅛ to $41⅞.

Pullman jumped 3½ to $57⅞ on sharply higher earnings and record second-quarter freight car orders.

Burlington Northern, on reporting increased earnings and raising the dividend, added 1⅞ at $41⅞. **Time**, *Boise Cascade* and **Control Data** all gained a point or more after all three announced higher second-quarter results.

Bankamerica eased ⅛ to $24½ despite improved second-quarter *profits*.

Share prices on the American SE continued to strengthen, the Amex index rising 0.93 more to 150.85. Volume came to 3.68m shares, little changed from last Friday's total of 3.65m.

Houston Oil led the actives list and declined ¼ to $23⅜. **Total Petroleum North America**, in second place, dipped ⅜ to $11.

Niagara Frontier Systems, however, jumped 10½ to $31⅜—*privately-held Sportsystems Corporation* has offered to acquire Niagara for $79.5m or about $36 a share.

E. C. Ernst dropped 3⅞ to $9½ —the company expects a loss of $3 a share for the fiscal year ended March 31.

Canada

Fresh widespread gains occurred yesterday in another active trade, with the Toronto Composite Index advancing 8.3 further to a new 1978 high of 1,166.4.

Metals and Minerals moved ahead 21.4 more to 969.8, while Banks rose 3.12 to 184.10, Papers 0.64 to 119.28 and Utilities 0.20 to 175.49. In marked contrast, *however*, Golds retreated a further 17.1 to 1,429.4. Oils and Gas, after last Friday's 24.7 upsurge, came back 2.7 to 1,518.9.

Noranda "A" jumped 1½ to C$29⅜ on renewed interest in its 7 per cent-owned *Canadian Hunter Explorations' Alberta oil* and gas deposits.

Canada Permanent Mortgage were up ⅛ to C$17⅛, **Headway "A"** picked up 5 cents to C$4.50 and **Canadian Curtiss-Wright** gained 3 cents to 70 cents, all after higher earnings.

Ego Mines, which was halted briefly to disclose news of a Texas oil discovery, advanced 1⅞ to C$7.

Consolidated Bathurst "A" rose 1½ to C$29⅜, **Royal Bank** C$1 to C$34⅞ and **Alberta Gas Trunk "A"** ⅞ to C$15⅜.

Tokyo

Stocks were inclined to gain ground in the early stages, but rises were later trimmed by profit-taking as investors *moved* to the sidelines to await the outcome of the Bonn summit.

The Nikkei-Dow Jones Average reached a new postwar peak of 5,659.84 before ending a net 7.65 higher at 5,636.85, while volume was a modest 230m shares, compared with 350m last Friday.

Some Electricals and Vehicles met early buying on a general belief that the Bonn summit will end without *producing* serious new trade or economic problems for Japan. **Matsushita Electric** added Y3 to Y783, **TDK Electronics** Y30 at Y2,220, **Pioneer** Y20 at Y1,800 and **Toyota Motor** Y1 at Y895.

Public Works issues, Machines, Pharmaceuticals and some Foods closed higher.

Kurabo advanced Y8 to Y200 on reports of spinning plant sales to Indonesia, while **Sumitomo Metal Industries** put on Y2 to Y108 on its plan to increase the dividend for the current year.

Germany

Shares continued to recover, reflecting positive expectations in the market regarding the results of the Bonn summit conference.

Among Stores, **Kaufhof** gained DM 8.50, **Neckermann** DM 2.70 and **Karstadt** *DM 3.50. Motors had* BMW DM 3.50 higher and **Volkswagen** up DM 4.20, while in Engineerings, **KHD** firmed DM 3.70.

In contrast, Chemicals provided weak spots in **Hoechst**, down DM 1.20, and **Bayer**, DM 1.10 cheaper.

On the Bond market, Public Authority issues remained depressed and lost up to 45 pfennigs more, while the Regulating Authorities bought a nominal DM 139.3m of paper against DM 230.1m purchases on Friday. Mark Foreign Loans also weakened.

Paris

After last Friday's holiday closure, the Bourse encountered fresh buying interest yesterday, with investor **confidence** buoyed by developments at the Bonn summit meeting, although trading was rather quiet.

The relative stability of the *French franc yesterday in relation* to the major European currencies despite the dollar's firmness was also cited by operators as helping the tone of the market.

Portfolios, Constructions and Textiles were mostly easier, but Foods, Motors, Rubbers, Mechanicals, Hotels and Oils all performed well.

Higher were **CIC**, **Peugeot-Citroen**, **Generale D'Enterprise**, **Carrefour**, **Kléber**, **Generale de Fonderie**, **Borel**, **Printemps**, **Machine Bull**, **Pernod-Ricard** and **Imetal**. However **Eurafrance**, **Saint Louis**, **Poliet**, **Thomson-CSF**, **Creusot-Loire**, **Sommer-Allibert** and *Bail Investissement sustained* losses.

Hong Kong

Markets were sharply lower *after quiet trading on local profit*-taking, leaving the Hang Seng Index 10.16 down at 557.22. Turnover on the four exchanges aggregated HK$85.95m, against last Friday's total of HK$122.81m.

Brokers said that inducing investors to take profits was the decision by the leading banks in Hong Kong to raise their interest rates. Hong Kong and Shanghai Banking and Chartered Bank announced on Friday that their prime lending rates will be increased by half-a-point to 6 per cent per annum.

Hong Kong Bank and **Jardine Matheson** fell 40 cents apiece to HK$18.30 and HK$13.30 respectively, while **Hong Kong Land** declined 30 cents to HK$10, **Hutchison Whampoa** and **Swire Pacific** 20 cents each to HK$6.25 and HK$8.80, and **Wheelock** 12.5 cents to HK$3.15.

Hong Kong Telephone retreated 75 cents to HK$33.75, **Hong Kong Electric** 20 cents to HK$6.10 and **Hong Kong Hotels** 10 cents to HK$15.

Australia

Markets presented a mixed appearance yesterday.

Uraniums, after last week's strength on potential future uranium sales to France, sustained a widespread reaction, with **Peko-Wallsend**, A$5.70, and **Kathleen Investments**, A$2.22, losing 6 cents apiece, and **Queensland Mines** receding 5 cents to A$2.50.

CRA, however, rose 6 cents to A$2.72 on fresh speculation about its Western Australia diamond prospect.

Elsewhere in Minings, **Comalco** were notably firmer at A$3.05, up 15 cents, while **Metals Exploration** hardened 2 cents to 32 cents, but **MIM** retreated 10 cents to *A$2.20 and* **Hamersley** shed 3 cents to A$2.32.

Sugar issue **Bundaberg** fell 10 cents to A$3.10 on consideration of the results.

Industrial leader **BHP** came back 4 *cents to A$7.44, while* **Costain Australia** declined 10 cents to A$1.50, but **Nicholas International** improved 4 cents to 86 cents. **Waltons** shed 4 cents to 85 cents in Stores.

Johannesburg

There was a preponderance of small gains in the Gold shares sector, which outnumbered losses by a two-to-one margin in moderate trading.

Mining Financials, influenced by the trend in Golds, were generally firmer. Diamond issue **De Beers** rose 7 cents to R7.12. Platinums were mostly at previous *levels, while* Coppers and Asbestos issues were unchanged to higher. Coal shares were selectively firmer.

Leading Industrials made a mixed showing.

Amsterdam

Shares were often in firmer fettle.

Royal Dutch put on 1.40 to Fl 134.20 in Dutch Internationals.

Among Contractors, **HBG** rose 2.70 to Fl 115.20 and **Stevin-Group** 2.30 to Fl 133.30, while in the Transportation sector **KLM Royal Dutch Airlines** moved ahead 2.50 to Fl 133.00.

Nationale Nederlanden **Insurance** advanced 2.30 to Fl 103.10 and **Pakhoed** 1.20 to Fl 37.20, but **Bijenkorf** receded 1.20 to Fl 94.30.

Indices

NEW YORK—DOW JONES

	July 17	July 14	July 13	July 12	July 11	July 10	1978 High	1978 Low	Since compil. High	Since compil. Low
Industrial	839.05	839.83	824.76	824.95	821.29	816.78	866.61 (6/6)	742.12 (28/2)	1051.70 (11/1/73)	41.2 (2/7/32)
H'me B'nds*	87.00	86.94	86.95	87.05	86.75	86.81	90.88 (4/1)	86.75 (11/7)	—	—
Transport	227.60	225.36	223.07	225.56	222.54	220.30	231.35 (6/6)	199.31 (9/1)	279.88 (7/2/69)	13.2 (8/7/32)
Utilities	105.28	105.65	105.46	105.72	105.24	105.01	110.98 (3/1)	102.84 (23/2)	163.32 (20/4/69)	10.5 (28/4/42)
Trading vol. 000's †	29,160	28,570	25,610	28,640	27,490	22,470	—	—	—	—

* Basis of Index changed from August 24

	July 17	July 7	June 30	(Year ago approx.
Ind. div. yield %	5.56	5.75	5.71	4.87

STANDARD AND POORS

	July 17	July 14	July 13	July 12	July 11	July 10	1978 High	1978 Low	Since Compilat. High	Since Compilat. Low
† Industrials	108.08	107.90	106.34	106.80	105.96	105.26	110.98 (6/6)	95.52 (6/3)	154.64 (11/1/73)	3.52 (30/6/32)
† Composite	97.78	97.58	96.25	96.24	95.93	95.27	100.32 (6/6)	86.90 (6/3)	125.85 (11/1/83)	4.40 (1/6/32)

	July 14	July 5	June 28	Year ago (approx.
Ind. div. yield %	5.07	5.18	5.11	4.43
Ind. P/E Ratio	9.12	8.95	9.04	10.12
Long Gov. Bond yield	8.69	8.62	8.57	7.59

N.Y.S.E. ALL COMMON

July 17	July 14	July 13	July 12	1978 High	1978 Low
54.02	54.02	54.12	54.99	56.20 (6/6)	48.37 (6/3)

Rises and Falls

	July 12	July 14	July
Issues traded	1,915	1,879	1,87[illegible]
Rises	901	1,067	69[illegible]
Falls	601	427	71[illegible]
Unchanged	413	385	46[illegible]
New Highs	—	—	[illegible]
New Lows	—	—	[illegible]

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN	F340	—	—	–	—	4	29	F364.50
AKZ	F27.50	–	—		—	2	5.70	F29.50
AKZ	F30	—	–	15	2	26	3.50	–
AKZ	F32.50	–		7	1.30	60	2.10	–
EK	$40	1	16¼	–	–		–	$56⅝
EK	$45	–		6	11⅞			–
EK	$50	10	6⅛	14	7½			–
EK	$60	45	⅛	5	2⅛	4	3	
FNC	$25					2	[illegible]	$23[illegible]
HO	F32.50	–		–	–	5	4.20	F33
HO	F35	—		—	—	1	2.60	–
HO	F37.50	—		—	—	2	1.70	–
IBM	$260	9	8	10	14½	—		$268
IBM	$280	3	¼	5	4½	4	9[illegible]	–
KLM	F150	–		7	13	10	19	F.155
KLM	F160	46	0.70	10	8.80	1	14	–
KLM	F170	—	–	8	5.50	–		–
KLM	F180	—	–	1	3.20	3	8	–
KLM	F190	—	—	17	2.10	–		–
KLM	F200	—	–	25	1.20	7	3.50	–
NN	F98.90	5	4.30	4	6.40	3	9	F103.10
NN	F108.90	5	0.20	11	2.50	10	4.50	–
NN	[illegible]	—	–	–	–	4	2	–
PHI	F22.50	10	3.50	–	–	–	—	F26
PHI	F25	–		5	1.90	4	3.10	–
PHI	F27.50	–		13	0.60	4	1.20	–
RD	F120	10	14	40	14.80	1	15.10	F134
RD	F130	69	3.80	6	5.40	–		–
RD	F140	10	0.10	10	1.50	67	2.70	–
S	$25	–	—	2	1			$22[illegible]
T	$60	—	–	–	–	2	2[illegible]	$60⅝
XRX	$60	—	–	–	—	4	2[illegible]	$55½
		Aug.		Nov.		Feb.		
OTX	$30	—		–		5	[illegible]	$21[illegible]
SLB	$90	2	1⅛		—	5	5[illegible]	$86[illegible]

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½%
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't. Trust	10 %
Capital C & C Fin. Ltd.	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½%
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	11 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
The Cyprus Popular Bk.	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	11 %
First Nat. Fin. Corpn.	12 %
First Nat. Secs. Ltd.	12 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	10 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster Ltd.	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 6%, up to £25,000 7½%, and over £25,000 7¾%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7%.

FARMING AND RAW MATERIALS

'Hay quality poor' after rainy spell

Our Commodities Staff

HAYMAKING has started again in many parts of Britain following delays caused by bad weather. However, the quality of the crop has suffered, the Ministry of Agriculture reports in this week's review of the state of farming.

"Many crops have suffered from the rain and are of poor quality," it says.

Second cuts of silage are being taken now and the cropped fields of grass are recovering well and coming on again after silage cutting.

The Ministry also reports that the U.K. grain harvest should start within the next seven to ten days. First crop to come in should be winter barley which is now ripening in the most forward areas.

A recent Ministry survey showed that total stocks of grain held on British farms at the end of May were about 6 per cent—the same as in the two previous years.

The results for England and Wales showed about 2.75 per cent of the 1977 wheat crop remained unsold, together with about 5 per cent of the barley crop and 6 per cent of the oat harvest.

'Emergency' in Florida's sugar industry

NEW YORK, July 17.

FLORIDA sugar producers have appealed to the U.S. Department of Agriculture for help in alleviating an "emergency" in storage of raw sugar.

In a letter to USDA the producers said their inability to store or sell raw sugar could cause a closedown of the industry.

The producers' spokesman said their warehouses of four separate companies were full to capacity of 332,000 short tons. He added that the Florida industry was unable to sell at current prices and had no space to store output from the new season's crop.

Our correspondent in Kingston writes: Jamaica's current sugar crop is running 17,700 tons behind last year's due mainly to a prolonged strike earlier this year which closed down most of the island's factories.

Production to date totals [illegible]00 tons, and industry sources have said that the island will be able to meet all its export commitments including 120,000 tons for the European Community.

There is some concern, however, about the sucrose content of the cane. Some factories are using as many as 13 tons of cane for one ton of sugar.

Rise in West African cocoa crops forecast

BY RICHARD MOONEY

ANOTHER SEASON of cocoa surplus is likely in 1978-79, according to the London merchants Paterson Simons and Ewart. In its latest cocoa market review, published yesterday, the company estimates that production exceeded consumption during the 1977-78 season by about 100,000 tonnes. This is somewhat lower than the 116,000 tonnes surplus estimate issued by Gill and Duffus last week.

If recent helpful weather trends continue over the next few "critical" weeks, 1978-79 crops in all the main West African producing countries could be higher than this year's, the review says. "And provided there is no radical change in the outlook for the crops in Brazil, there is every likelihood that 1978-79 will be another *season of* surplus, bearing in mind the effect on consumption caused by the excessively high prices of the past two years."

The 1977-78 main crop in Ghana is believed to have amounted to between 308,000 and 310,000 tonnes though up to 45,000 tonnes of this disappeared through smuggling across the Ivory Coast and Togo borders.

The mid-crop season, which opened earlier than usual on June 2, is expected to yield at least as much cocoa as in 1977 and the company estimates a range of 13,000 to 15,000 tonnes.

Good early rains have helped prospects for the 1978-79 main crop, though exceptionally heavy storms damaged good early flowerings on some poorly sheltered Ghanaian farms.

Forecasts of a wet July gave some cause for concern as this would adversely affect pod-setting, while cool weather might encourage cherelle wilt. But the risk from "black pod disease" has been reduced by the favourable June weather and efforts to control the incidence of "swollen shoot disease are reported to be meeting with some success, the review states.

Nevertheless, the "swollen shoot" virus poses "a constant threat," it adds.

The review also reports anxiety over the continued deterioration in the condition of Ghana's road system and of its road freight fleets.

Following the 1977-78 season's record production conditions in the Ivory Coast appear good with rainfall described as "adequate" and general weather conditions normal for the time of year.

The 1977-78 total is believed to have reached about 300,000 tonnes including the "light" crop and cocoa smuggled from elsewhere (particularly Ghana) because of attractive producer prices.

The final 1977-78 outturn for Nigeria is put at 210,000 to 215,000 tonnes and further improvement is expected provided weather conditions remain favourable.

Apart from good weather Paterson, Simons and Ewart attributes the progress in the Nigerian cocoa industry largely to work done by the Ministry of Agriculture and the Cocoa Research Institute, together with the payment of remunerative prices to farmers.

Reuter reports from Paris, meanwhile: French second-quarter cocoa grindings are provisionally estimated at 10,000 tonnes against 10,815 tonnes in the first quarter and a second quarter 1977 figure of 10,450 tonnes, according to the Chocolate Makers' Association.

The provisional total of 20,815 tonnes in the first half of 1978 compares with 21,175 tonnes in the corresponding period of 1977.

● On the London futures market yesterday September delivery closed £31.5 higher at £1,734.5

Unctad copper meeting opens

BY DAVID EGLI

GENEVA, July 17.

A FOURTH preparatory meeting on copper was convened hereto-day to continue efforts to set up an inter-governmental copper body as part of Unctad's integrated programme for commodities.

The group is to consider the terms of reference for such a body as well as existing draft proposals on rules of procedure, organisation and financial requirements.

The draft charter to be discussed this week outlines the principal tasks of an inter-governmental copper body. These include attempts to agree on an international copper arrangement to stabilise the market, consultation and a continued monitoring of market trends with the aim of agreeing on interim and immediate actions to dampen the impact of supply and demand imbalances, stock levels and pricing practices.

Membership would be open to all significant producers or consumer countries as well as many others involved in the international copper trade.

Our Commodities Staff writes: Reports that Angola and Zaire had agreed to reopen the Benguela railway which runs through Angola to the Zaire border helped depress copper prices on the London Metal Exchange.

The railway has been closed for three years because of the Angolan civil war and it is understood that there are "very substantial quantities" of Zambian copper blocked on the Tazara route.

Pleasing

A spokesman for Sozacom, the Zaire metals marketing company, said agreement to reopen the railway would be pleasing. But he did not believe it would have any direct impact on Zaire's current 50 per cent *force majeure* declaration on copper deliveries.

In any case, the track would probably have to be brought up to standard before it could be used for shipments.

Cash wirebars lost £7.75 a tonne on the LME, closing at £707 a tonne. Three months metal fell £7.5 to £727.75, and cash and three months cathodes declined £8.75 and £8.25 to close at £702.5 and £723.5 a tonne respectively.

In the other metals markets most of last week's gains evaporated in a day's trading influenced most strongly by technical factors. Three months standard tin, for example, lost £107.50 falling to £6,450 a tonne.

In New York, Anaconda Co. announced that it had increased its cathode copper price by 1.50 cents to 64 cents a pound.

●The board and committee of the London Metal Exchange said it decided that the high productivity fire-refined copper wirebars contract, HCFR, should be cancelled from October 17, 1978.

HCFR has not been quoted on the LME since the end of 1968. However, traders said this grade would remain deliverable against the wirebars contract at a discount of £20 per long ton.

New low for coffee price

By Our Commodities Staff

LONDON COFFEE futures prices sank to their lowest levels for over two years yesterday as fears of frost damage to the Brazilian crop continued to recede. The September position slipped to £1,210 at one time but recovered to close £51 below Friday's level at £1,235.5 a tonne—the lowest second position closing price since April 14, 1976.

With consumption levels still suffering from last year's unprecedented high prices the possibility of a damaging frost in Brazil this year—which would affect next year's crop—has been the only important factor supporting the market.

Early scares in May and June forced London prices up to over £2,000 a tonne at one stage but since then the weather in Brazil's coffee growing areas has been unusually mild and prices have subsided.

The Brazilian Federal Government weather office yesterday forecast that the current fine weather would continue over the next few days and this was enough to spark off a new wave of speculative selling.

However, some market observers question the justification for the recent decline. The traditional Brazilian "frost season" still has another month to run, they point out.

Pakistan's wheat supply problems

By Our Own Correspondent

ISLAMABAD, July 17.

PAKISTAN IS to import 2.2m tonnes of wheat this year to make up for a poor winter crop. Announcing this at Sheikhupura in the agricultural Punjab Province over the weekend, the Federal Minister for Food and Agriculture gave assurances that there will be no shortage of food in the country.

Although some of the imports will be available under U.S. food aid programmes, most will have to be bought on the world market. Australian and Canadian sources doubt their countries abilities to meet the deficit.

However some will be available from the U.S. under a new $58m line of credit signed in Washington last week. By this programme 450,000 tonnes are to be delivered, beginning in August. But this, foreign experts say, will put a strain on the port facilities at Karachi.

Pakistan needs a total of 3.2m tonnes to meet the demands of its urban rationing system.

EEC beef stocks shrinking fast

BY OUR COMMODITIES STAFF

THE COMMON MARKET's surplus of beef is shrinking rapidly. Sales of meat from the intervention cold stores are now running at almost double the rate of intake, and France and Belgium now have only negligible quantities on ice.

Although the mountain still stands at 293,000 tonnes, only in Britain are intervention purchases outstripping the rate of sales from the stockpile, according to figures published by the Meat and Livestock Commission.

So far this year 10,695 tonnes of beef have been sold into the official stores in Britain and almost 5,000 tonnes have been disposed of.

In France, which in recent years has held massive tonnage of surplus beef, none has been taken in by the support buying agency FORMA while almost 12,000 tonnes have been sold off.

French stocks now total a mere 55 tonnes. Belgium has only 316,000 tonne, and most of that is in canned form.

Even Ireland, which was recently granted permission to store part of its surplus in the UK and elsewhere in the Common Market, is beginning to cut its overbearing surplus.

More than 37,000 tonnes of Irish intervention beef have been sold since the start of the year, but remaining stocks still total 66,000 tonnes.

West Germany, however, has much further to go. With almost 120,000 tonne of beef in store it has cleared 20,000 tonnes in the first six months of the year but took in a further 19,000 tonnes.

Since July 1973 the Common Market has bought up 1.6m tonnes of surplus beef.

● Ireland has increased its exports of live cattle by 36 per cent in the first six months of the year, according to the Irish Livestock and Meat Board.

Between January and June, Britain bought 62,000 head—12 per cent more than the comparable period of 1977. There was a 10 per cent rise in shipments to Northern Ireland.

The biggest increase—144 per cent—occurred in trade to other parts of the EEC. Sales of stock have risen from 38,200 in the first half of last year to 93,000 head.

There has also been a 10 per cent rise in the number of cattle slaughtered in Ireland for export. Heavier killings of cows have brought the total up 45,000 to 479,000 head.

The board expects an even more substantial increase in the number of fat cows going for slaughter in the second half of the year. The national cattle census taken in December put the Irish herd at 6.245m head, 0.6 per cent higher than a year earlier.

Eggs expansion gathers momentum again

BY OUR COMMODITIES STAFF

THE NUMBER of chicks bought by UK farmers for egg production rose again in May, dashing hopes that producers had at last heeded repeated warnings that their unchecked expansion would lead only to a glut of eggs and uneconomic prices later in the year.

And shoppers have been admonished for being slow to take advantage of the current low prices.

Latest figures from the Ministry of Agriculture show that the number of laying chicks placed on farms in May rose two per cent. This followed a one per cent drop during April, a reduction which had raised hopes of an end to the rising trend which had continued unchecked since last August.

The Eggs Authority, the industry's main advisory organisation, reported: "Expectations of a progressive cut-back in UK placings have not as yet materialised."

Latest Common Market figures —for April—show a one per cent reduction in EEC placings compared with the same month last year. However, this masks a 13 per cent rise in Holland and a similar increase in Belgium. Increased output from these countries, both major exporters of eggs, could put severe pressure on the UK market.

Heavy competition to sell eggs outside the EEC may restrict export opportunities for British traders, and increased imports into the UK from the Continent may accentuate the countries own difficulties with overproduction.

Mr. Mike Weller, chairman of the National Farmers' Union eggs committee said at the weekend housewives were "losing out."

How China dug its way to victory over drought

By a Special Correspondent

PEKING, July 17.

CHINA HAS beaten the drought which threatened summer grain crops. Despite conditions even drier than those of 1977, a critical drought year, the harvest is reported to be up by 5m tonnes.

Millions of extra farm workers were mobilised to save the crops following an emergency meeting on drought defences called by the State Council in April. They carried out irrigation projects, sank new wells and physically carried water to the fields.

The worst affected areas were 10 wheat-growing provinces in the Yellow and Huai River basins where constant winds dried up surface water and affected the water table.

Hantan and Hsingtai Prefectures in Hopei Province had their driest season for 10 years. Local people sank nearly 5,000 new wells in a month.

Hantan peasants used thousands of tractors and trucks to cart water, and 300,000 people carried buckets to the fields on shoulder poles and bicycles. Factories reduced electricity consumption so that power could be diverted to new water pumping stations.

More than 80 per cent of the wheatfields in Hopei province were given supplementary water and the province now claims a record summer harvest, 20 per cent higher than last year's.

Reuter added: Irrigation works for over 4m hectares were built.

Summer harvesting and sowing has finished in most parts of China and most of the rice-growing areas have started cutting early rice.

Sydney Morning Herald

Record soya output forecast

WORLD soyabean supplies in 1978-79 are expected to reach a record 91.5m tonnes, up by 8 per cent or 7m tonnes from the 1977-78 total, the Hamburg-based weekly publication Oil World said.

The publication puts world 1978-79 production at 80m to 86.4m tonnes. This year's output was 78.3m tonnes.

American production is estimated at 47m to 51m tonnes and Brazilian output at 13.5m to 14.5m tonnes.

Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Weaker on the London Metal Exchange in the absence of the short covering which has buoyed the market recently. Reports of the possibility of the Benguela Railway reopening, a lower Comex opening and chartist and stop-loss selling all helped to depress the forward price. Trading started at £736-£737, and the price touched a low of £726 before closing on the Kerb at £726.75. Turnover: 22,655 tonnes.

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £733.5, 33, 32.5, 32, 32.5, 33. Cathodes cash £709, 09.5, 09, three months £729.5, 30. Kerb: Wirebars, three months £733, 32. Afternoon: Wirebars, three months £729, 28, 28.5, 28. Kerb: Wirebars, three months £728, 23, 25.5, 26, 26.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	712-.5	-8.75	706.5-7.5	-7.75
3 months	735-.5	-5	727.5-8	-7.5
Settlem't	713	-5.5	—	......
Cathodes				
Cash	709.5	-5	702.5	-8.75
3 months	729.5-30	-5	723-4	-8.25
Settlem't	709.5	-5	—	......
U.S. Prod.	—	......	*66.5-68	......

TIN—Lower although forward metal initially traded around £6,540 on fresh buying before following other metals downwards. There was hedge buying against physical sales around £6,500 but once this had dried up the price fell to £6,450 in active trading before fresh buying at the lower levels caused a rally to a close on the Kerb of £6,485. Turnover: 1,485 tonnes.

Morning: Standard, cash £6,545, 65, three months £6,490, 95, £6,500, £6,510, £6,505, £6,500, £6,490. Kerbs: Standard, three months £6,500, 02, £6,500. Afternoon: Standard, three months £6,500, £6,495, 90, 80, 75, 80, 60, 55, 50. Kerbs: Standard, three months £6,480, 85, 60.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6560-80	-60	6523-30	-90
3 months	6500-10	-87.5	6460-70	-107.5
Settlem't	6580	-50	—	......
Standard				
Cash	6555-65	-65	6520-30	-90
3 months	6499-500	-78	6445-55	-107.5
Settlem't	6565	-65	—	......
Straits E.	$1718	-52	—	......
New York	—	......	—	......

LEAD—Lower after heavy selling from one quarter had depressed the market and stop-loss selling emerged. The performance of copper was a depressing influence. Although forward metal started steadily at £323-£324, it came off in the morning rings to £317 and reached a low of £315 in the afternoon, when trading was particularly active, before closing on the Kerb at £316. Turnover: 5,050 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	307-.5	-9	308-.5	-7.75
3 months	316.5-7	-8	318-9	-8.125
Sett'm'nt	307.5	-9	—	......
U.S. Spot	—	......	31-33	......

Morning: Cash £307, three months £320, 19.5, 19, 18, 17, 18.5, 19, 18.5, 18, 17.5, 17, 16.5, 17. Kerb: Three months £317.5. Afternoon: Cash £308, 8.5, three months £317, 17.5, 18, 17.5, 18.5. Kerb: Three months £317, 18, 18.

ZINC—Lost ground, following the performance of lead. Although there was some scattered buying it was not enough to prevail against the force of stop-loss selling. Forward metal started at £322-£323 and after holding around £316-£317 fell to £313. Trading on the late Kerb was particularly erratic with the price moving between £311 and £315 before closing at £313. Turnover: 4,675 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	
Cash	307-.5	-8.75	302.5-3.5	-11.5
3 months	317-.5	-9	313-4	-10.75
S'ment	307.5	-9	—	......
Prm. West	—	......	29.31	......

Morning: Three months £317, 16, 17, 16.5, 17, 17.75, 17.5. Kerb: Cash £306.5, three months £317.5, 16.5. Afternoon: [illegible]

COMPANY NOTICES

SILVER

[illegible]

COCOA

[illegible]

COFFEE

ROBUSTAS declined further and new contract lows were established in most positions [illegible]

GRAINS

LONDON FUTURES (GAFTA)—[illegible]

RUBBER

EASIER opening on the London physical market. Little interest throughout the day, closing idle. Lewis and Peat reported a Malaysian godown price of 229 (231) cents a kilo buyer.

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

LONDON DAILY PRICE (raw sugar) [illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on July 17: GB—Cattle 72.10p per kg.l.w. (−0.39); UK—Sheep 145.4p per kg.est.d.c.w. (−0.3); GB—Pigs 60.9p per kg.l.w. (−0.3). England and Wales—Cattle numbers up 0.9 per cent, average price 72.08p (−0.37); Sheep down 8.8 per cent, average 143.3p (−1.1); Pigs down 1.6 per cent, average 60.9p (−0.2). Scotland—Cattle numbers up 13.8 per [illegible]

[illegible] York Imperial 9.60-10.50; Chilean: Granny Smith 7.00-7.30; New Zealand: Sturmer Pippins 163 9.30, 175 9.20, Granny Smith 9.80; Italian: Rome Beauty per pound 0.15, Golden Delicious 0.16, Jonathans 0.19. Pears—Victorian: 40 lb Josephines 11.00, Winter Nelis 10.00; Spanish: per pound Limonera 0.20-0.25. Peaches — Italian: 1½ trays 2.90-3.50; French: 1.80-2.40. Nectarines—Spanish: 2.00-3.50. Grapes—per pound Cypriot: Cardinal 0.30-0.40, Sultana 0.40-0.50; Spanish: Cardinal 0.32. Plums—Spanish: 5 kilos Gaviota 2.40-3.00, Santa Rosa 1.80-3.00, Burbanks 2.00-2.60; Italian: Florentias 20 lb 3.00-3.20. Golden per pound 0.15-0.20. Apricots — Spanish: 5 kilos 3.00-3.20. Bananas—Jamaican: per pound 0.15. Avocados—Kenya: Puerte 14/24s 2.80-3.30; S. African: Fuerte 2.80-3.50. Capsicums—Dutch/French: per 5 kilos 2.60; Italian: 2.40. Cherries—Washington: per pound 0.90. Onions—Israeli: 3.20-3.30; Spanish: 2.50-3.40; Maltese: 3.20-3.30. Potatoes—Cypriot: 4.80; Jersey: 1.60-2.00. Tomatoes—Dutch: 2.00-2.60; Guernsey: 1.80-2.00; Jersey: 2.00.

English produce: Potatoes—per 56 lb 1.20-1.30. Lettuces—per 12 0.80, Cos 0.90, Webbs 0.90. Rhubarb—per pound, outdoor 0.06. Cucumbers—per tray 12/24s 1.30-1.60. Mushrooms—per pound 0.50-0.60. Apples—per pound Bramley's 0.13-0.23. Tomatoes—per 12 lb English 1.80-2.00. Greens—per crate, Kent 1.00. Cabbages—per crate 1.50. Celery—per 12/18s 2.20-2.40. Strawberries—per ½ lb 0.12-0.18. Cauliflowers—per 12 Lincoln 2.20-2.40. Broad beans—per pound 0.10. Peas—per pound 0.11-0.12. Cherries—per pound Black 0.60, White 0.40. Gooseberries—per pound 0.20-0.23, Levellers 0.25-0.30. Courgettes—per pound 0.15. Beetroots—per 28 lb 1.50. Carrots—per 28 lb 1.80-2.30. Capsicums—per pound 0.20.

Burma plans copper smelter

RANGOON, July 17.

BURMA WILL begin construction early next year of a copper smelter with an expected annual production of 60,000 tonnes of concentrates, according to informed sources here, reports Reuter.

The plant, which is expected to be completed in 1981, will use the large copper deposits of the Monywa area.

PRICE CHANGES

Prices per tonne unless otherwise stated.

	July 17 1978	+ or —	Month ago
[illegible]			
English Milling†	£91.50	......	£104.5
Cocoa Shipment	£1,815	+47.5	£1,848
Future Sept.	£1,734.5	+31.5	£1780.5
Coffee Future			
Sept.	£1,235.5	-51.0	£1,553.5
Cotton 'A' Index	70.6c	......	72.6c
Rubber kilo	53.25p	-0.75	57p
Sugar (Raw)	£85	......	£98
Wooltops 64s kilo	265p	......	265p

* Nominal. † New crop. ‡ Unquoted. k August. m June-August. n July-Sept. p July-Aug. q Sept. y August-Sept. z Per ton.

INDICES

FINANCIAL TIMES

July 17	July 14	Month ago	Year ago
235.34	238.83	247.57	250.26

(Base: July 1, 1952=100)

REUTER'S

July 17	July 14	Month ago	Year ago
1430.7	1443.1	1502.1	1531.4

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	July 17	July 14	Month ago	Year ago
Spot	352.18	360.32	363.15	382.78
Futures	359.91	340.15	353.61	359.65

(Average 1924-25-26=100)

MOODY'S

Moody's	July 17	July 14	Month ago	Year ago
Sple Commty	911.2	913.7	930.7	898.0

(December 31, 1931=100)

COTTON

LIVERPOOL COTTON—Spot and shipment sales amounted to 308 tonnes. The freer demand brought increased turnover, mostly in North and South American types.

*

London Tea Auction: Quality 135p (same); medium 120p (117)p; plain 79p (76p).

U.S. Markets

Coffee falls, precious metals ease

NEW YORK, July 17.

COFFEE FINISHED limited-down, making new life of contract lows on Commission House and chartist selling. Precious metals eased on mixed activity in dull conditions. Cocoa closed strong on Commission House buying, Bache reports.

Cocoa—July 149.50 (143.70), Sept. 144.75 (138.75), Dec. 140.50, March 139.00, May 135.65, July 133.75, Sept. 131.00, Dec. 129.55. Sales: 1,131.

Coffee—July 135.60 (140.55), Sept. 123.25 asked (127.25), Dec. 115.00 asked, March 109.50, May 107.50 asked, July 104.75-105.75, Sept. 103.00-134.00, Dec. 103.00-104.00.

Copper—July 61.25 (61.90), Aug. 61.55 (62.30), Sept. 62.15, Dec. 63.95, Jan. 64.50, March 65.60, May 66.60, July 67.60, Sept. 69.60, Dec. 70.00, Jan. 70.50, March 71.50, May 72.50. Sales: 4,500.

Cotton—No. 2: Oct. 60.70-60.70 (59.90), Dec. 62.65-62.68 (61.74), March 64.15, May 65.10-65.20, July 66.10-66.25, Oct. 65.15-65.35, Dec. 65.20-65.30. Sales: 3,250.

*Gold—July 184.30 (186.60), Aug. 184.90 (186.60), Sept. 186.40, Oct. 187.50, Dec. 190.40, Feb. 193.40, April 196.50, June 199.60, Aug. 202.60, Oct. 206.00, Dec. 209.20, Feb. 212.40, April 215.60. Sales: 7,200.

†Lard—Chicago loose unavailable. New York prime steam 23.75 traded (same).

‡Maize—July 229½-230½ (232½), Sept. 234½-234½ (238½), Dec. 241½-241½, March 250½-250½, May 255½, July 258.

§Platinum—Oct. 244.50-245.00 (247.90), Jan. 247.50-247.70 (250.80), April 251.30-251.50, July 254.90-255.10, Oct. 258.40-258.60, Jan. 262.30-262.50. Sales: 1,313.

*Silver—July 520.40 (524.30), Aug. 521.70 (526.30), Sept. 525.70, Dec. 537.20, Jan. 541.10, March 549.10, May 557.60, July 566.20, Sept. 574.90, Dec. 588.20, Jan. 592.60, March 601.60, May 610.70. Sales: 11,000.

Soyabeans—July 641-642 (651½), Aug. 635-637 (648½), Sept. 613-614, Nov. 596-597, Jan. 603-603½, March 609-610, May 614, July 614-614½.

Soyabean Oil—July 24.55-24.60 (25.08), Aug. 23.65-23.60 (24.40), Sept. 22.90-22.95, Oct. 22.25, Dec. 21.70-21.65, Jan. 21.55, March 21.55-21.45, May 21.40, July 21.30.

||Soyabean Meal—July 169.00-169.30 (171.20), Aug. 166.50-166.00 (169.10), Sept. 165.20-165.50, Oct. 163.50-164.00, Dec. 162.50-163.00, Jan. 163.00-163.50, March 165.50, May 166.00-167.00, July 168.40.

Sugar—No. 11: Sept. 6.20 (6.32), Oct. 6.32 (6.46), Jan. 6.75 bid, March 6.99-7.00, May 7.15-7.16, July 7.29-7.33, Sept. 7.50-7.56, Oct. 7.65. Sales: 3,725.

Tin—557-573 nom (560-576 nom.).

**Wheat—July 308½ (312), Sept. 312-311½ (315½), Dec. 316½-317, March 320-319½, May 316½-317½, July 309½.

WINNIPEG, July 17. ††Rye—July 99.00 bid (99.20 bid), Oct. 99.00 (99.30 bid), Nov. 98.20 asked, Dec. 98.00 asked, May 99.60 asked.

††Oats—July 69.30 bid (71.50 bid), Oct. 70.00 (72.00 bid), Dec. 70.20 asked, March 70.70 asked, May 71.50.

‡‡Barley—July 72.70 bid (73.70 bid), Oct. 72.50 (73.50 bid), Dec. 72.60 asked, March 72.60 asked, May 73.40 asked.

§§Flaxseed—July 231.00 bid (233.00 bid), Oct. 232.00 bid (234.00), Nov. 233.00 bid, Dec. 231.40 bid, May 239.20 asked.

¶¶Wheat—[illegible] content cif [illegible]

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam f.o.b. NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse, 5,000 bushel lots. § $ per troy ounce for 50 oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. || New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 24 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ [illegible]

STOCK EXCHANGE REPORT

Late boost imparted by deferral of special deposits

Share index up for fifth successive day—Gilts also rise

Option

Account Dealing Dates

*First Dealings	Declarations	Last Dealings	Account Day
Jun. 26	July 6	July 7	July 18
July 10	July 20	July 21	Aug. 1
July 24	Aug. 3	Aug. 4	Aug. 15

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Lacking guidance still about dividend controls, equities seemed reluctant for a while yesterday to extend last week's upturn *although week-end comment on* Friday's trade returns, coupled with the measure of agreement reached at the Western economic summit in Bonn, underpinned a continuation of the firm trend.

Business was also inhibited by a disposition to await developments in today's Government TUC talks. Just after noon, however, *a small demand, thought to be at* first professional short-covering, nudged values forward at each subsequent calculation of the FT Industrial Ordinary share index.

A further injection of encouragement came in the shape of the postponement until September 11 of the payment of special deposits amounting to 1 *per cent of eligible liabilities* which were due to have been paid next week. At the final count, the index was 4.9 higher at 479.3, its best closing level for over two months. The broad-based FT-Actuaries All-share index gained 0.8 per cent to 219.11.

Gilt-edged securities had also made gradual progress with the emphasis on the longer maturities, the shorts being held in check by extremely tight money conditions in money markets. Little more was gained after hours on the special deposits announcement and late in the day quotations began to drift back from the highest. The longs finally recorded rises of ½, after ¾, while the most active issues at the shorter end of the market were the two clean stocks, Treasury 3 per cent 1981 and the identical coupon maturing in 1982.

A modest late demand for investment currency surprised the market and few sellers were operating, partly in view of the late easier rate for sterling. The premium thus rose fairly quickly to 107 per cent before settling a net 2¾ points up at 106¾ per cent. Yesterday's SE conversion factor was 0.6752 (0.6763).

Business in Traded Options got off to a brisk start and yesterday's total of 854 contracts (464 by midday), is the best figure for a Monday since dealings began on April 21. *Over 50 per cent of the* contracts were dealt in three stocks with ICI leading the way with 193 followed by Grand Met, 179, and Marks and Spencer, 110.

Banks firm again

Recording modest gains of a few pence at the 3.30 pm house close, *the major clearing banks made* fresh headway on the announcement in the recall of special deposits. **Barclays** closed 6 to the good at 332p and **Midland** ended 5 better at 365p as did **NatWest**, at 285p. *Lloyds, scheduled to start* the interim dividend season on Friday, edged forward 2 to 282p. Improvements of 5 and 6 respectively were seen in **Bank of Scotland**, 288p, and **Allied Irish**, 200p. Among Merchant Banks, **Schroders** moved forward 10 to 410p and **Antony Gibbs** put on 3 to 44p. Hire Purchases made progress with **Lloyds and Scottish** up 2 at 98p and **UDT** a penny dearer at 43p.

Insurances passed a quietly firm session. **Royals** added 9 to 376p and **General Accident** 8 to 216p among Composites, while **Sun Alliance** put on 6 to 518p. Among Brokers, **Brentnall Beard** at 30p, picked up 2 of the recent fall which stemmed from news of the Lloyd's of London inquiry into the company's involvement in events which led to a dispute between the Sasse syndicate and a Brazilian reinsurance group.

A modest two-way business in Breweries left prices little changed. **Guinness** were notably firm at 162p, up 3, while marginal improvements were recorded by **Scottish and Newcastle**, 63½p, and **Whitbread A**, 94p. Elsewhere, Press comment led to a slight rally in **H. P. Bulmer**, 3 better at 127p.

The Building sector produced several noteworthy movements despite a continuing low level of business. **A. Monk**, up 5 at 89p, after 92p, reflected news that St Piran's near-30 per cent holding in the company had been acquired by **Davy International**, which hardened a penny to 253p. Late support left **Ibstock Johnsen** 7 dearer at 173p, while favourable weekend Press mention prompted a rise of 9 to 72p in **Morris and Blakey**. *Buyers showed interest* in **Brown and Jackson**, 4 better at 138p, and **J. W. Henderson**, 5 to the good at 210p. Among Timbers, **Montague L. Meyer** eased to 78p on the lower annual profits, but recovered to close 2 dearer on balance at 81p. **Magnet and Southerns**, preliminary results due today, firmed 3 to 190p. *Leading issues to make a little* headway included **J. Laing "A,"** 181p, **Taylor Woodrow**, 364p, and **Blue Circle**, 245p, all around 2 better.

Wallis up again

ICI traded firmly, particularly in the late dealings, and ended 7 to the good at 392p. Elsewhere in Chemicals, **Yorkshire** encountered occasional support and put on 5 to 109p while, in smaller-priced issues, **H. Cory** gained 1½ to 24½p. Adverse Press mention, however, left **Allied Colloids** 3 lower at 68p.

Secondary issues provided the *major movements in Stores. Still* benefiting from the excellent results and proposed 300 per cent scrip issue, **Wallis** improved 7 further to 150p, after 157p, while Press comment drew buyers' attention to **Raybeck**, 86½p, and *Lee Cooper, 125p, which closed* 2½ and 6 higher respectively. **Alfred Preedy** edged forward a penny to 85p in response to the higher annual earnings and **Forminster** hardened 5 to 160p following modest support in a thin market. **Status Discount**, however, softened a penny to 180p, after 178p, despite the sharply higher interim profits.

Electricals were often better with **EMI** outstanding at 144p, up 8, on revived investment demand. Satisfactory interim figures left **Dewhurst and Partner A** a penny harder at 14½p, while Press comment helped **GEC** and **Westinghouse** to finish 4 better at 273p and 56p respectively. **Thorn Electrical** edged forward 2 to 354p in front of today's preliminary figures, while small buying in a thin market lifted **Wholesale Fittings** 4 to 144p.

Already 10 higher on investment demand, **Staveley Industries** improved further after hours to close 14 better at 296p on the announcement that the group has acquired Electroscale Corporation of California. Elsewhere in Engineerings, **Weston-Evans** jumped 15 to 125p to match the *terms of* Midland Counties Trust, while **Meggitt** rose 2½ to 20p in response to the sharply higher first-half profits. **Christy Bros.** hardened a penny to 50p after Press comment and improvements of 4 and 5 respectively were recorded in **Startrite**, 81p, and **APV**, 230p. The leaders moved forward late to *close at the day's best.* **GKN** ended 6 to the good at 270p, as did **Hawker**, at 218p, and **Tubes**, 376p.

Hillards firmed 7 to 230p in active trading prompted by recent comment on the prospect for Food retailers. Renewed speculative demand left **Avana** ½ harder at a 1978 peak of 40½p, while modest *gains were also seen in Taverner* **Rutledge**, 84p, and **Cullen's Stores A**, 118p. **J. Lyons** edged forward a penny to 89p following a week-end Press mention.

Pilkington good

Miscellaneous Industrial leaders ended at the day's best with sentiment helped in the later stages by the postponement of the repayment of special deposits. **Pilkington** were particularly good at 538p, up 18, with buyers anticipating more marketability in the shares when they go ex the *100 per cent scrip-issue next* month. **Unilever** put on 8 to 540p and **Metal Box** hardened 4 to 326p, while **Beecham**, 670p, and **Glaxo**, 575p, improved 3 apiece. Late afternoon publication of the interim figures failed to inspire **Rank Organisation** which touched 250p before closing 3 harder on balance at 246p. **A. Kershaw**, a subsidiary of Rank, cheapened a fraction to £10 despite higher half year earnings. Elsewhere **Vinten** gained 8 to 129p, after 134p, on the good results and **Campari** advanced 6 to 134p after favourable Press comment. **Ropner** hardened 2½ to 39½p in response to the chairman's encouraging annual statement and **Durapipe** put on 4 to 184p ahead of Thursday's AGM. **ICL** gained 6 to 322p but **Coral Leisure**, 3 off at 93p, remained overshadowed by the Royal Commission's report on gambling. Still reflecting the interim profits setback and gloomy statement about second-half prospects, **Gestetner A** reacted 4 more to 172p.

Rolls-Royce figured prominently in Motors and Distributors, closing 3½ higher at 97½p as investment demand revived. **Fodens** were active and 4 better at a 1978 peak of 67p on buying in anticipation of Thursday's preliminary figures. **H. Perry** were also back in favour at 109p, up 5, but adverse Press comment clipped 2 from **Wilmot-Breeden** at 66p.

Renewed demand ahead of *Thursday's preliminary results* pushed **Gordon and Gotch** up another 8 to 83p. **Brunning Group** also found support at 77p, up 5, while **J. Waddington** hardened 2 to 192p, the latter following Press comment on the company's *move into television games* by the acquisition of Videomaster.

Leading Property shares showed a few more signs of life after the recent quiet spell. **Land Securities** in particular, attracted support and put on 6 to 219p, while **MEPC** gained 3 to 127p and **English** closed a penny dearer at 44p. **Stock Conversion** met with occasional demand *at 248p, up 8,* along with **Property Security**, which gained 7 to 160p. Rises of 4 were recorded in **Great Portland**, 288p, **Haslemere**, 236p, and **Berkeley**, 120p. **Capital and Counties** hardened a penny to 32½p following news that the company has applied for consent to redevelop its land at Ferry Works and Lacy Road, *Putney.*

Shell improve

Week-end Press comment suggesting that the recent euphoria over the possible Shetland oil find had been overdone tended to dampen sentiment in **British Petroleum** which traded *quietly and* closed unaltered at 866p. **Shell**, however, firmed 5 to 575p, while **Royal Dutch** improved ⅝ to £47½, the latter on overseas advices. **Ultramar** continued to attract occasional investment demand and edged up 3 more to 273p. In contrast, liquidation of speculative positions took **Oil Exploration** down to 216p before settling at 222p for a loss of 4 on balance, while **Siebens (U.K.)** closed a similar amount down at 370p, after 360p.

Investment Trusts attracted a reasonable business and closed with widespread gains. **Rothschild Investment** became a good late feature at 309p, up 17, on the increased dividend and earnings. **Investment Trust Corporation** advanced 12 to 267p *following the* announcement that the 5 per cent convertible unsecured loan stockholders had given the go-ahead for the proposed merger with Barclay's Bank, while **London Trust Deferred** moved up 3 to 101p on revived bid speculation. Other firm spots included **Caledonia Investments**, 4 up, a 1978 peak of 242p, and **Scottish National**, 5½ to the good at 156½p.

Shippings spent an uneventful session. **P and O Deferred** hardened a penny to 85p, while **British and Commonwealth**, 280p, and **Common Brothers**, 115p, put on 2 and 3 respectively. **Lofs** closed without alteration at 28p following the chairman's statement at the annual meeting.

Mackinnon of Scotland moved into the limelight in Textiles, rising 13 to a 1978 peak of 51½p on small buying generated by Press comment. Other beneficiaries of Press comment included **Dawson International**, 3 harder at 133p, and **Nova (Jersey) Knit**, 3½ higher at 45½p.

Among Tobaccos, **Imps** finished a penny firmer at 82p following a weekend Press mention. **Rothmans**, however, gave up a like amount at 56½p following recent firmness following the interim report.

Harrisons Malaysian Estates closed 4 better at 116p in sympathy with a rise of 13 to 525p in bidders **Harrisons and Crosfield**; the latter now has acceptances which, together with its existing holding, gives it 80.76 per cent of HME.

Demand for Westfield

Westfield Minerals and **Northgate Exploration** from the Irish-Canadian section were the features of otherwise listless mining markets.

Demand in Canada overnight for Westfield, based on uranium hopes at the Johan Beetz prospect in Quebec, was followed through in London during the morning. Agressive buying from Ireland in the face of a stock shortage caused a sharp jump in the price which closed at 150p for an advance of 42p. Northgate, Westfield's joint venturer, rose 40 in sympathy to close at 445p.

Elsewhere, South African Golds set the tone for the rest of the market. Trading was thin, inhibited by concern about the meaning of the Bonn Summit for the bullion price. In dollar terms prices tended a few cents lower, but the rise in the investment dollar premium left London prices mixed.

The Gold Mines Index was 0.7 higher at 161.3. Price changes stayed within a narrow range, with **West Dries** ¼ easier at £20⅞ and **Randfontein** ¼ harder at £33¼. The bullion price was eventually $1.50 lower at $184.375 an ounce.

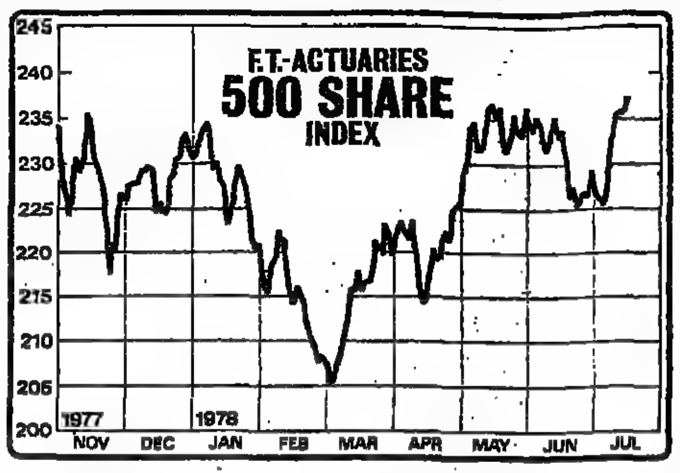
South African Financials were quiet, *but De Beers remained firm* after favourable comment on the latest CSO sales figures. Helped by the premium, the closing price was 2 higher at 383p.

The search for diamonds in Australia meanwhile continued to benefit **Conzinc Riotinto of Australia** which hardened 8 to 242p. **Northern Mining**, which has a small holding in CRA's Ashton venture, gained 6 to 102p.

Other Australians were quiet, lacking a definite lead from the overnight Sydney market. Among uraniums, **Pancontinental** fell ¼ to £13¼.

Rhodesians, Coppers and Tins were generally untested, but **Saint Piran** stood out in Tins after the sale of its A. Monk holding. The shares closed 5 higher at 54p, while **South Crofty** held steady at 53p.

Trading in London Financials was drab and movements were confined to the odd penny. **Rio Tinto-Zinc**, 221p, and **Selection Trust**, 418p, were 2 softer, while **Charter** and **Consolidated Gold Fields** were unchanged at 142p and 177p respectively.



FINANCIAL TIMES STOCK INDICES

—	July 17	July 14	July 13	July 12	July 11	July 10	A year ago
Government Secs.	70.50	70.26	70.02	69.98	70.11	70.26	66.2
Fixed Interest	71.49	71.88	71.79	71.77	71.82	71.69	67.5
Industrial Ordinary	479.3	474.4	473.6	473.3	467.3	465.5	450
Gold Mines	161.3	160.6	159.0	160.1	159.5	158.2	118
Ord. Div. Yield	5.56	5.60	5.60	5.58	5.66	5.69	5.1
Earnings, Y'ld% (full) (*)	16.86	17.01	17.00	16.93	17.16	17.27	15.5
P/E Ratio (net) (*†)	7.92	7.85	7.84	7.86	7.75	7.70	9.6
Dealings marked	4,321	4,172	4,061	4,270	4,672	4,854	5,32
Equity turnover £m	—	70.96	81.71	81.22	87.41	80.19	87.1
Equity bargains total	—	15,735	17,343	18,287	19,386	19,544	16,5

10 am 475.8. 11 am 474.9. Noon 475.1. 1 pm 476.5.
2 pm 476.9. 3 pm 477.1.
Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=7.75.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	[illegible] (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (8/3)	130.3 (5/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	July 17	July 14
—Daily		
Gilt-Edged	156.3	142.2
Industries	149.2	145.5
Speculative	28.1	37.2
Totals	98.4	96.3
5-day Av'rage		
Gilt-Edged	146.4	151.9
Industrials	148.7	151.4
Speculative	30.9	32.2
Totals	97.9	100.1

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	118	—	136	1	155	—	864p
BP	800	68	—	92	—	115	—	"
BP	850	18	11	60	2	82	2	"
BP	900	1½	28	36	6	60	—	"
Com. Union	140	13	—	18	—	20	—	153p
Com. Union	160	¼	—	9½	50	12	45	"
Cons. Gold	160	18	—	28	—	31	—	178p
Cons. Gold	180	1½	10	11½	5	17	6	"
Cons. Gold	200	—	—	6	9	8	—	"
Courtaulds	100	24	—	27	—	28½	—	123p
Courtaulds	110	14	—	18½	6	20½	—	"
Courtaulds	120	4	95	11	—	14	—	"
Courtaulds	130	¼	—	6	—	9	—	"
GEC	220	55	—	59	—	66	—	273p
GEC	240	35	—	42	—	50	—	"
GEC	260	14	17	26½	—	35	—	"
GEC	280	1½	—	15½	21	25	—	"
Grand Met.	100	9½	61	15	1	16½	9	109p
Grand Met.	110	1½	68	9½	—	13	—	"
Grand Met.	120	½	7	4½	—	8	—	"
ICI	330	62	14	67	5	69	5	390p
ICI	360	32	25	38	25	47	8	"
ICI	390	3½	77	17	34	28	1	"
ICI	420	¼	16	6½	—	16½	1	"
Land Secs.	180	39	4	44	—	40	—	219p
Land Secs.	200	19	—	25	15	30	—	"
Land Secs.	220	2	17	12½	15	16	10	"
Marks & Sp.	120	38	—	41½	24	43	7	158p
Marks & Sp.	140	19	4	22	—	26	—	"
Marks & Sp.	160	1½	22	9	5	14	50	"
Shell	500	77	—	87	—	92	—	575p
Shell	550	27	11	44	—	56	—	"
Shell	600	¼	—	17½	10	35	10	"
Totals			502		298		154	

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (137)

BRITISH FUNDS (1)
BANKS (2)
BEERS (1)
BUILDINGS (3)
CHEMICALS (2)
DRAPERY & STORES (10)
ELECTRICALS (6)
ENGINEERING (14)
FOODS (3)
INDUSTRIALS (21)
INSURANCE (1)
MOTORS (2)
PAPER & PRINTING (2)
PROPERTY (3)
SHOES (3)
TEXTILES (7)
TRUSTS (56)

NEW LOWS (7)

BUILDINGS (1)
Bett Bros.

FOODS (1)
Lockwoods

INDUSTRIALS (2)
Coral Leisure
Lebus (Harris)

SOUTH AFRICANS (1)
Hulett's

TRUSTS (2)
Jardine Japan
Akroyd & Smithers

RISES AND FALLS YESTERDAY

	Up	Down	Sa
British Funds	69	—	
Corpns., Dom. and Foreign Bonds	6	1	
Industrials	403	123	1,1
Financial and Prop.	209	22	2
Oils	14	6	
Plantation	5	5	
Mines	44	25	
Recent Issues	9	6	
Totals	750	199	1,4

APPOINTMENTS

Senior change at Telfers

Mr. Raymond Monbiot, managing director of Telfers, is to become managing director of Associated Biscuits. His successor will be Mr. John Husband, now managing director of Total Refrigeration, another J. LYONS *GROUP company, who takes up* his new position on August 1.

★

Air Commodore R. L. Topp has joined the Scottish Group of FERRANTI to represent its aviation and defence interests in West Germany. His final tour before retirement from the RAF was as deputy general manager of NAMMA in Munich. Ferranti interests in the Tornado programme will remain with **Wing Commander J. C. Ellis**, RAF (Rtd) in Munich.

★

Dr. Colin Gronow, has been made marketing adviser to the ELECTRICITY COUNCIL in succession to Mr. Charles George, who retires on September 30. Dr. Gronow is at present chief commercial officer of the South of Scotland Electricity Board.

★

Lord Luke has been elected president, **Mr. George Lockhart** (George Lockhart and Co.), chairman, **Professor Clive Schmitthoff**, vice-chairman, and **Mr. Frank O. Dunphy** (Midland Bank international division), treasurer, of the INSTITUTE OF EXPORT.

★

Mrs. Norah Tew has been appointed chairman of the WESTMINSTER CHAMBER OF COMMERCE building sector group. Mrs. Tew, the first woman to hold this position, heads her *own group of three companies in* interior design and related fields.

★

BROWN SHIPLEY INSURANCE SERVICES announce the appointment of **Mr. Ronald J. Benwell** as a director of Holmwoods and Crawfurd (Marine and International). Mr. Benwell replaces **Mr. E. A. Rudland** *who, after* more than 48 years' service, is retiring as a full-time executive although remaining a consultant.

★

BRADSTOCK, BLUNT AND CRAWLEY, insurance brokers, has appointed **Mr. M. H. Morland** a director of the company.

★

Mr. Malcolm Butcher has joined the Board of T. COWIE as financial director. **Mr. Frank T. Billingham**, the secretary, also joins the Board.

★

Mr. John Chiene has retired from the Board of BROWNLEE AND CO.

★

Mr. C. H. D. Smith has been appointed secretary and legal adviser to MOLINS.

★

Mr. Tom Webb has been appointed financial director of the newly-formed TRANS BORDER GROUP, incorporating the J. S. Wood Group and Chapman and Ball. Mr. Webb was previously managing director of Batho, Taylor and Ogden, a Courtaulds company.

★

Mr. David Murray has been made export marketing director of PATERSON PRODUCTS. Mr. Murray joined Paterson's purchasing division in 1968, *transferring* to export two years later.

★

Mr. John H. Bridcutt will rejoin HESTAIR DENNIS on October 1, as an associate director responsible for European sales and marketing. Mr. Bridcutt returns to Hestair Dennis after three years as marketing director *of Crane Fruehauf.*

★

Mr. Malcolm N. Ross has been appointed to the new position of director in charge of flight catering, THE AIRPORT CATERING SERVICES. He was previously assistant to the chairman.

★

Mr. Michael McCredie has been appointed director and general manager of CONCENTRIC FABRICATIONS. Mr. McCredie joins the company from Grundy (Teddington), where he was marketing director.

★

Mr. Alan Lloyd, chairman and chief executive, Allied Insulators, has been elected president of the *BRITISH CERAMIC MANUFACTURERS' FEDERATION* in succession to Mr. Kennedy Campbell, who becomes deputy president. Mr. G. A. J. Wade, chairman and managing director, Wade Potteries, has been made vice-president of the Federation.

★

Mr. David Morgan has been *appointed general manager,* BRITISH INDUSTRIAL GASES. He succeeds **Mr. Alan Bean**, who has been appointed project executive, overseas operations, engineering division, BOC.

★

Mr. J. D. Pollock and **Mr. D. R. Hicklin** have been made part-time FORESTRY COMMISSIONERS in succession to Lord Donnet of Balgay and Mr. C. G. A. Latham, who will be retiring on expiry of their terms of office in September. Mr. Pollock is general secretary of the Educational Institute of Scotland and a member of the General Council of the Scottish TUC. Mr. Hicklin, is retiring this month as chairman and managing director of St. Anne's Board Mill Company.

★

Mr. Bob Burns, previously general manager, has been appointed managing director of ENGLISH ROSE KITCHENS, part of the Harris and Sheldon Group, following the retirement of **Mr. Fred Marshall.**

★

Mr. Ian J. Hunter, who has for several years been the company's senior non-marine broker at Lloyd's, has been appointed a director of H. J. SYMONS (AGENCIES). **Mr. Leslie J. Rainbow**, who for the past year has been in charge of the accounting department at the Sutton in Ashfield office, has become an assistant director.

★

Mr. A. I. Mackenzie, recently chairman of Scottish Widows' Fund and Life Assurance Society, and **Mr. D. A. C. Douglas-Home**, a director of Morgan Grenfell and Co., have been appointed non-executive directors of MORGAN GRENFELL (SCOTLAND). **Mr. J. S. Liddle** has been made executive director in succession to Mr. M. D. McPhail, who is taking up a senior appointment with Morgan Grenfell and Co in London.

★

Mr. Robert B. Botcherby, managing director of European Arab Bank, has been appointed to the Board of EUROPEAN ARAB HOLDING S.A., Luxembourg, as group managing director.

★

DANIEL DONCASTER GROUP has announced two appointments to the board of Doncasters Sheffield, a subsidiary. They are **Mr. Peter Garratt**, who becomes sales director, and **Mr. George Dilkes**, appointed manufacturing director. Mr. Dilkes was previously manufacturing manager of the stamp and forged products divisions. Mr. Garratt has been sales manager, stamp Products division, since 1973.

★

Mr. John R. Webb has been appointed aromatics vice-president ESSOCHEM EUROPE INC., the company co-ordinating Exxon Corporation's chemicals activities in Europe, Africa and the Middle East. Previously with Exxon Chemical Company, New York, where he was product executive for adhesion products, Mr. Webb has succeeded **Dr. Norman N. Hochgraf**, who has been appointed corporate planning vice-president of Exxon Chemical Company.

★

Mr. A. J. Bryant and **Mr. H. Dahlan** have joined the Board of *SIME DARBY LONDON*. **Mr. D. E. Dowlen** has resigned from the Board.

★

MATTHEW HALL AND CO. has reorganised its group management responsibilities following the appointment of **Mr. A. H. J. Hoskins** as group managing director. Mr. Hoskins will become chairman of Matthew Hall Engineering. **Mr. M. J. Holliday**, a deputy managing director of the group, will be chairman of Matthew Hall Group Services and responsible for the co-ordination of group corporate planning and development. **Mr. B. E. Burns**, a deputy managing director of the group, will be made chairman of Matthew Hall International Development. **Mr. C. D. Watson** will become group director responsible for health, safety and security. **Mr. P. L. Waite** will take over group responsibilities for property, premises and public relations. **Mr. A. R. Brown** will be responsible for group personnel policy and management *development, and will be director* in charge of purchasing co-ordination.

★

Mr. Hans Breitenbach has been appointed assistant managing director of RHP BEARINGS. Mr. Breitenbach was previously general manager of the automotive bearings division. Now, as part of his new post, he becomes general managing director of ENGLISH ings division. **Mr. Henry Nelson**, formerly general manager of the transmission bearings division, succeeds Mr. Breitenbach as general manager of the automotive bearings division.

★

Mr. Gerry Flanagan has been appointed staff director, organisation and personnel development, for SP INDUSTRIES (formerly Leyland Special Products). Mr. Flanagan was previously personnel manager for Leyland International, having earlier held senior personnel positions with Rover-Triumph, Ford of Britain and *Ford of Europe.*

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 18	July 31	Oct. 12	Oct. 24
Aug. 1	Aug. 14	Oct. 26	Nov. 7
Aug. 15	Aug. 29	Nov. 9	Nov. 21

For rate indications see end of Share Information Service

Stocks favoured for the call were **Burmah Oil**, **Queen's Moat Houses**, **Consolidated Plantation Warrants**, **Town and City Properties**, **British Land**, **Tarmac** and **Pacific Copper**. Puts were done in **Wood and Sons** and **Booker Bros.**, while doubles were arranged in **Town and City Properties** and **British Land**.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	18	392	+7	396	328
Coral Leisure	10p	9	93	−3	144	93
BP	£1	8	866	—	896	720
Shell Transport	25p	8	575	+5	588	484
BATs Defd.	25p	7	265	—	296	227
Barclays Bank	£1	7	332	+6	358	298
GEC	25p	7	273	+4	278	233
Marks & Spencer	25p	7	158	+1	160	135
Reed Intl.	£1	7	141	+3	143	102
Royal Insurance	25p	7	376	+9	425	343
Boots	25p	6	207	+1	231	184
Dunlop	50p	6	90	—	90	71
Guthrie	£1	6	345	−5	375	211
Marchwiel 9pcCum.Prf.	£1	6	89	—	89	87
Midland Bank	£1	6	365	+5	390	330

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p:	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
75	F.P.	30/6	92	86	Bramall (C.D.)	87½	−½	♦4.5	3.1	7.8	4.7
100	F.P.	5/7	169	142	Eurotherm	165	......	b2.64	5.0	2.4	15.7
85	F.P.	24/8	91	86	Hunting Petr. Services	88	−2	4.65	3.0	8.3	6.0
‡34	F.P.	—	36	35	Thames Plywood	35	......	‡¢2.0	2.3	8.7	7.6

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
**	F.P.	28/7	90p	88p	Allied Leather 9% Pref.	88p	−1
**	F.P.	18/8	94½p	92p	Allied Retailers 9% Pref.	92p	......
£98	£50	22/9	51	46	Barnet 12% Red. 1987	50½	......
£99.4	F.P.	—	99¼	99⅛	Birmingham Var Rate 83-85	99¼	......
$100	Nil	—	$97½	$97½	Boots 6¾% Conv. Bds. 1995	$97½	......
‖	£10	7/9	10⅞	10¾	East Anglia Water 7% Red. Pref. 1983	10¾	......
100p	F.P.	16/8	104p	101p	Ecclesiast'al Ins.Office10%Red2ndCumPref.	102p	......
£100	F.P.	—	100⅝	99½	Edinburgh Var. Rate 1983	99½	−⅛
††£97.56	F.P.	28/7	98½	97¾	Essex Water 7% Red. Pref. 1983	98½	......
‖	£25	25/8	28¼	23½	Fairview Ests. 13.25% Deb.	24	......
**	F.P.	21/7	98½p	97p	J B Holdings 10% Pref.	98p	......
**	F.P.	—	89p	87p	Marchwiel 9% Pref.	89p	......
**	F.P.	21/7	105½p	101½p	Miller (F.) 11% Pref.	102½p	......
**	F.P.	—	85	85	Mooloya 12% Partly Conv. Uns. Ln. '86-'88	85	......
**	F.P.	9/8	96p	94p	More O'Ferrall 10% 2nd Cum. Pref.	94½p	+½
$109	F.P.	21.7	109p	109p	Robinson Bros. 11% Pref.	109p	......
99⅝	F.P.	—	100	99⅝	Sefton Var. Rate Red. 1983	99⅝	−¼
£98¼	£10	30/10	9¼	8	Southend-on-Sea 12% Red. 1987	8½	......
£99	£10	21/7	10⅛	9	South Tyneside 12¼% Red. 1986	9½	......
£98¾	£50	1/9	50½	47¾	Tyne & Wear 12% Red. 1986	48¾	−¼
£98¾	£25	15/9	25½	24	West Kent Water 12% Deb. 1986	24½	......

"RIGHTS" OFFERS

Issue Price p:	Amount Paid Up	Latest Renunc. Date		1978 High	1978 Low	Stock	Closing Price p:	+ or −
SA2.75	Nil	16/8	15/9	29pm	25pm	ANZ	29pm	......
5	Nil	28/7	18/8	4½pm	3½pm	Bridgend Processes	4pm	......
28	F.P.	18/7	18/8	38	31½	Brooke Tool Eng.	36	+1
15	Nil	26/7	18/8	4½pm	4pm	Dartmouth Invs.	4pm	+½
14½	Nil	26/7	16/8	5pm	2pm	Elswick-Hopper	3pm	......
36	Nil	2/8	1/9	15	10	Headlam Sims & Coggins	15pm	+2
108	F.P.	14/7	4/8	125	109	Henlys	123½	......
29	Nil	3/7	28/7	45pm	38½pm	Hyman (I. & J.)	43pm	+1
73	Nil	—	—	15pm	14pm	L.C.P.	15pm	......
35	Nil	21/7	11/8	2½pm	2pm	Leves	2pm	......
35	Nil	3/8	1/9	14pm	12½pm	Norton (W. E.)	14pm	+½
95	F.P.	17/7	25/8	119	112	Securicor Group	114	......
95	F.P.	17/7	25/8	117	111	Do. A. N/V	112	......
95	F.P.	17/7	25/8	120	107	Security Services	114	+4
95	F.P.	17/7	25/8	119	107	Do. A. N/V	112	+2
30	Nil	28/7	8/9	28pm	26pm	Sutcliffe Speakman	27pm	−1

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Assumed dividend and yield. *u* Forecast dividend; cover based on previous year's earnings. *r* Dividend and yield based on prospectus or other official estimates for 1979. *q* Gross. *t* Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *pt* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ** Issued by way of capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. ¬ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS

GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Mon., July 17, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Fri. July 14 Index No.	Thurs. July 13 Index No.	Wed. July 12 Index No.	Tues. July 11 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	218.17	+1.0	17.37	5.60	7.99	216.02	215.59	215.33	213.61	183.71
2	Building Materials (28)	194.64	+1.2	17.85	5.65	7.92	192.27	192.51	192.16	190.66	152.81
3	Contracting, Construction (27)	342.44	+0.4	20.43	4.28	7.12	341.25	340.87	339.93	339.00	248.40
4	Electricals (15)	474.55	+1.3	14.51	3.91	9.74	468.63	467.86	469.14	463.15	372.13
5	Engineering Contractors (14)	320.71	+0.2	18.71	6.36	7.12	320.06	320.60	319.92	320.58	267.36
6	Mechanical Engineering (72)	174.95	+0.9	18.43	6.14	7.36	173.44	172.10	172.11	170.98	164.20
8	Metals and Metal Forming (16)	165.34	+1.2	17.26	8.51	7.89	163.32	162.64	162.26	160.62	149.94
	CONSUMER GOODS										
11	(DURABLE) (52)	198.98	+0.2	17.43	5.26	8.05	198.53	199.19	198.00	196.98	173.16
12	Lt. Electronics, Radio TV (15)	236.01	+0.2	15.91	4.33	8.88	235.40	236.17	234.66	234.70	202.22
13	Household Goods (12)	176.05	+0.3	16.76	6.44	8.23	175.44	175.36	175.35	175.24	160.43
14	Motors and Distributors (25)	124.92	+0.2	19.90	6.41	7.02	124.64	125.26	124.56	122.64	110.12
	CONSUMER GOODS										
21	(NON-DURABLE) (174)	204.55	+0.4	15.79	5.85	8.57	203.64	203.44	202.33	201.66	167.88
22	Breweries (14)	224.01	+0.5	15.23	6.07	9.34	222.89	221.71	222.70	222.87	179.25
23	Wines and Spirits (6)	263.67	+0.2	16.23	5.49	9.34	263.22	264.42	260.82	261.03	201.83
24	Entertainment, Catering (17)	252.20	+0.8	15.60	6.89	9.38	250.12	249.43	248.75	251.98	212.41
25	Food Manufacturing (21)	198.12	+0.9	19.07	5.62	6.93	196.30	195.89	195.60	196.13	173.77
26	Food Retailing (15)	207.91	—	14.06	4.90	9.82	207.84	208.20	207.27	207.04	174.75
32	Newspapers, Publishing (13)	395.49	−0.1	10.10	3.17	14.13	396.06	397.52	398.05	399.25	302.91
33	Packaging and Paper (15)	135.66	+0.7	19.37	7.82	6.62	134.67	134.40	134.48	133.93	120.02
34	Stores (39)	187.96	+0.3	11.21	4.71	13.08	187.41	187.98	186.89	183.92	146.75
35	Textiles (25)	180.30	+0.7	18.35	7.68	7.06	179.02	178.18	178.47	175.60	164.61
36	Tobaccos (3)	248.55	+0.1	22.07	7.53	5.34	248.27	246.51	240.01	241.01	201.80
37	Toys and Games (6)	108.24	+0.2	18.79	5.77	6.50	108.00	107.80	107.85	108.02	99.94
41	OTHER GROUPS (97)	200.63	+0.8	15.98	5.71	8.19	199.08	198.49	197.40	195.73	180.11
42	Chemicals (19)	290.67	+1.4	17.04	6.01	7.97	286.74	284.40	282.21	279.21	251.94
43	Pharmaceutical Products (7)	262.14	+0.4	11.03	3.91	11.28	261.15	259.37	260.45	257.59	8.00
44	Office Equipment (6)	130.57	+0.4	18.35	4.97	6.45	130.04	133.32	132.29	130.65	107.96
45	Shipping (10)	405.24	+0.1	17.88	7.56	6.89	404.74	404.40	401.71	405.44	489.79
46	Miscellaneous (55)	207.83	+0.6	17.19	6.35	7.75	206.62	206.45	204.67	203.27	176.76
49	INDUSTRIAL GROUP (495)	213.51	+0.6	16.34	5.71	8.29	212.14	211.78	210.90	209.65	181.45
51	Oils (5)	499.62	+0.4	14.77	3.96	7.34	497.52	500.41	504.88	499.76	505.71
59	500 SHARE INDEX	237.22	+0.6	16.10	5.44	8.13	235.77	235.65	235.14	233.60	207.55
61	FINANCIAL GROUP (100)	166.68	+1.5	—	5.69	—	164.28	163.96	162.49	160.88	137.41
62	Banks (6)	193.51	+1.6	23.62	5.80	6.41	190.49	187.52	185.47	183.84	156.03
63	Discount Houses (10)	203.10	−0.1	—	8.52	—	203.34	204.17	204.32	203.34	175.90
64	Hire Purchase (5)	154.85	+1.8	12.62	5.30	11.73	152.17	152.17	149.36	147.33	131.05
65	Insurance (Life) (10)	137.30	+1.8	—	6.63	—	134.82	136.21	133.90	133.31	105.97
66	Insurance (Composite) (7)	127.65	+1.8	—	6.68	—	125.39	125.67	124.17	122.34	110.29
67	Insurance Brokers (10)	339.50	+0.4	13.87	4.62	10.33	338.03	340.01	338.72	335.67	303.56
68	Merchant Banks (14)	80.28	+1.0	—	6.10	—	79.46	79.82	78.59	77.71	66.59
69	Property (31)	237.69	+1.6	3.49	3.13	49.24	234.05	234.64	234.83	232.46	187.45
70	Miscellaneous (7)	105.58	+0.2	24.05	7.91	5.41	105.42	104.70	104.68	104.50	88.23
71	Investment Trusts (50)	221.04	+1.1	3.14	4.61	31.82	218.74	218.73	218.15	218.53	172.59
81	Mining Finance (4)	99.91	−0.3	17.64	6.96	6.89	100.19	100.46	101.28	100.52	91.28
91	Overseas Traders (19)	317.88	+0.2	16.52	6.73	7.44	316.47	318.42	316.25	317.46	277.52
99	ALL-SHARE INDEX (673)	219.11	+0.8	—	5.50	—	217.48	217.37	216.67	215.26	189.02

FIXED INTEREST PRICE INDICES

	British Government	Mon. July 17	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	104.89	+0.19	0.10	4.91
2	5-15 years	114.54	+0.45	0.39	6.36
3	Over 15 years	120.62	+0.51	0.69	7.71
4	Irredeemables	126.56	+0.43	—	7.24
5	All stocks	112.81	+0.37	0.38	6.25

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Mon. July 17	Fri. July 14	Year ago (approx.)
1	Low Coupons	5 years	8.76	8.82	7.86
2		15 years	10.91	10.97	11.65
3		25 years	11.60	11.65	12.61
4	Medium Coupons	5 years	11.48	11.59	10.51
5		15 years	12.11	12.20	12.52
6		25 years	12.18	12.25	13.16
7	*High* Coupons	● 5 years	11.63	11.70	11.55
8		● 15 years	12.61	12.66	13.20
9		● 25 years	12.82	12.88	13.86
10	Irredeemables		11.63	11.67	12.79

		Mon. July 17 Index No.	Mon. July 17 Yield %	Friday July 14	Thurs. July 13	Wed. July 12	Tues. July 11	Mon. July 10	Friday July 7	Thurs. July 6	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	56.94	‡13.03	56.88	56.80	56.83	56.78	56.72	56.72	56.64	53.77
16	Investment Trust Prefs. (15)	51.51	13.74	51.55	51.59	51.59	51.59	51.59	51.64	51.63	51.68
17	Coml. and Indl. Prefs. (20)	70.04	13.21	70.02	70.04	70.15	70.15	70.20	70.14	70.14	69.58

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p. ● *Corrected figures for Friday, July 14.*

INSURANCE, PROPERTY, BONDS

[illegible]

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[illegible]

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NOTES

Prices do not include $ premium except where indicated ♦ and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ∅ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

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Index Guide as at 4th July, 1978 (Base 100 at 14.1.77)

Clive Fixed Interest Capital 128.05

Clive Fixed Interest Income 114.14

CORAL INDEX: Close 477-482

INSURANCE BASE RATES

† Property Growth 10½%

† Vanbrugh Guaranteed 9.50%

† Address shown under Insurance and Property Bond Table

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FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1978 High	1978 Low	Stock	£	+ or −	Yield Int.	Yield Red.
99⅝	98⅝	Exch 5pc 76-78	99⅛	.....	5.04	9.37
105⅛	101	Treasury 11½pc 1979	101	...	11.37	9.46
97	94¼	Treasury 3pc 1979	95⅝	.....	3.14	6.94
97	95⅛	Electric 4¼pc 74-79	96	+⅛	4.43	7.79
104	99	Treasury 10½pc 1979	100¼	−⅛	10.47	10.20
96½	94¾	Electric 3½pc 76-79	95⅞	..	3.65	6.77
103½	96	Treasury 9pc 1980	97	+⅛	9.24	10.77
102	97½	Treasury 9½pc 1980	97	+⅛	9.71	10.78
95½	92	Treasury 3½pc 77-80	93⅞	+⅛	3.73	6.98
96½	93¼	Funding 5¼pc 78-80	94¼	+⅛	5.57	8.57
110¼	103	Exchequer 13pc 1980	103	+⅛	12.52	11.06
106¼	90	Treasury 11½pc 1981	100	+⅛	11.41	11.09
91	88¼	Treasury 3½pc 1979-81	90xd	.....	3.89	7.86
101	95	Treasury 9¾pc 1981	96	+	10.10	11.23
97	91	Exch 8¼pc 1981	93	+	8.84	10.99
100¼	94¼	Exch 9¾pc 1981	95xd	+	9.94	11.27
87	85⅝	Exch 3pc 1981	86¼xd	+¼	3.48	8.13
97	95	Treas Variable '81	95	.....	10.18	10.76
111	102½	Exch 12¾pc 1981	103	+	12.31	11.40
99¾	91	Treas 8½pc 80-82	93½	+	9.13	10.90
86⅝	82	Treasury 3pc '82	84¼xd	.....	3.56	8.17
115	106¼	Treasury 14pc '82	107⅛	+¼	13.07	11.53
96⅛	94	Treas Variable '82	94	.....	10.29	11.45
96	89⅝	Treasury 8¼pc '82	90⅝	+¼	9.10	11.24
100¼	91⅛	Exch 9¼pc 1982	92¼	+	10.03	11.61
94¾	91⅛	Exch 9¼pc 1982 A	92¼	+	10.03	11.63
96	89½	Exch 8¾pc 1983	90⅝	+¼	9.66	11.47

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

1978 High	1978 Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
23	17	Antofagasta Rly	23	..	—	—
38	33	Do. 5pc Pref.	38	..	—	—
98	98	Chilean Mixed	98xd	—	—	13.10
415	350	German Yng. 4½pc	405	—	4½	—
54	46	Greek 7pc Ass.	54	.	3½	16.48
51	46	Do. 6pc 28 Stab. Ass.	51	.	6	16.00
44	40	Do. 4pc Mixed Ass.	43xd	.	4	14.65
55	42	Hung. '24 Ass.	55	.....	4½	5.00
77	65	Iceland 6½pc '83-88	65	...	—	12.60

BONDS & RAILS—Cont.

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 48¼% (based on US$1.8650 per £)
Conversion factor 0.6752 (0.6782)

CANADIANS

[illegible]

S.E. List Premium 48¼% (based on $2.1158 per £)

BANKS AND HIRE PURCHASE

[illegible]

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

FINANCIAL TIMES

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INSURANCE

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MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c	175	......	Q50c	1.3	24.4
24	15	Rhod'n Corn. 16½p.	16	......	0.56	7.1	5.3
80	52	Roan Cons. K4	67	......	—	—	—

[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
61	35	Barymin	53	+1	—	—	—
17	9	Burma Mines 17½p.	14	......	—	—	—
300	220	Cons. Murch. 10c	245	......	‡Q30c	2.6	‡
465	245	Northgate C$1	445	+40	—	—	—
234	164	R.T.Z.	221	−1	9.5	2.8	6.5
90	30	Sabina Inds. C$1	59	−3	—	—	—
£12	750	Tara Expln. $1	850	......	—	—	—
45	43	Tehidy Minerals 10p.	43	......	1.33	ϕ	4.7
180	120	Yukon Cons. C$1	166	+2	Q7c	2.9	2.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Sterling denominated securities which include investment dollar premium.
- "Tap" Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- Regional price.
- No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xt ex capital distribution.

"Recent Issues" and "Rights" Page 34

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	24	......
Ash Spinning	44	......
Bertam	21	......
Bdg'wtr. Est. 50p	267	......
Clover Croft	26	......
Craig & Rose £1	480	......
Dyson (R. A.) A	38	......
Ellis & McHdy.	61	......
Evered	17½	......
Fife Forge	50	......
Finlay Pkg. 5p	23½	......
Graig Ship. £1	140	......
Higsons Brew.	73	......
I.O.M. Stm. £1	150	......
Holt (Jos.) 25p	260	......
N'thn. Goldsmith	56	......
Pearce (C. H.)	180	......
Peel Mills	20	......
Sheffield Brick	45	......
Sheff Refrshmt	52	......
Sindall (Wm.)	103	......

IRISH

Stock	Price	+ or −
Conv 9% '80/82	£91	+¼
Alliance Gas	65	−5
Arnott	340	+5
Carroll (P.J.)	98	+3
Clondalkin	90	......
Concrete Prods.	130	......
Helton (Hldgs.)	40	......
Ins. Corp.	160	+12
Irish Ropes	130	......
Jacob	82	......
Sunbeam	32	......
T.M.G.	173	......
Unidare	90	......

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¼
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lots"	4	Intereuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	8	"Mams"	7	Town & City	1¼
Distillers	15	Mrks. & Spncr.	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit. Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	14	Nat. West. Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	18	Shell	28
Gen. Electric	18	P & O Dfd.	8	Ultramar	20
Glaxo	40	Plessey	8	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org. 'A'	18	Cons. Gold	14
Guardian	18	Reed Intnl.	12	Rio T. Zinc	16
G.K.N.	22	Spillers	3		
Hawker Sidd.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday July 18 1978

Flights ban penalty for aiding hijackers

FINANCIAL TIMES REPORTERS — BONN, July 17.

COUNTRIES which refuse to extradite or prosecute terrorists and hijackers, or refuse to return hostages and aircraft, face a total suspension of air traffic connections with the seven major Western industrial powers.

This was agreed here tonight by leaders of the countries—the U.S., Canada, West Germany, the UK, France, Italy and Japan—as a by-product of their two days of talks on international economic problems.

The terrorism question, which had not been scheduled to be a part of the summit's agenda, was raised by Mr. Takeo Fukuda, Japanese Prime Minister, and was immediately taken up by Mr. Pierre Trudeau of Canada.

According to one source at the discussion of the issue, "All the rest then jumped onto the band-waggon."

In addition to blocking flights to an offending nation and flights from it to airports in the seven States, the agreement undertakes to try to block all indirect contacts and to seek to have the offending country's national airline barred in as many airports around the world as possible.

Chancellor Helmut Schmidt of West Germany said on television late tonight that there had been some anger among the assembled leaders at the lack of practical progress towards co-operation on anti-terrorist measures, in spite of the many occasions on which it had been referred to at past international gatherings.

The German Chancellor also indicated that the new anti-terrorist agreement is an open-ende done and said he expected additional governments to associate themsleves with it.

Sources close to the U.S. President, asked why the agreement had not referred by name to countries known to have harboured air pirates such as Libya and Algeria, replied that the declaration had "been focused on a problem, not on individual cases."

The agreement on terrorism follows many vaguely worded statements of good intentions at past international gatherings. Only in recent months have these been followed up by closer practical co-operation — for example, between France and West Germany and between West Germany and Italy.

In reaching their agreement, the seven leaders were doubtless heavily influenced by the plague *of terrorist incidents during* the 12 months since they met in London—a period that has seen the kidnapping and murder of Sig Aldo Moro in Italy, Dr. Hans Martin Schleyer in Germany as well as hijackings and terrorist atrocities in other countries.

Should any of the participants in the Bonn meetings have arrived without the terrorist theme on his mind, the massive security screen provided by the West German police must have been a grim reminder.

U.S. thinks again about Bremen scheme

FINANCIAL TIMES REPORTERS — BONN, July 17.

THE CARTER Administration is having serious second thoughts about the merits of the EEC's Bremen currency scheme. These have stopped the U.S. from making a public endorsement at the world economic summit meeting here.

During the talks, President *Carter questioned his European* counterparts closely on the way in which the plan would work, and particularly on its likely effects on the value of the dollar. The main American reservations are that the plan could artificially hold down the stronger European currencies against the dollar and that excessively deflationary policies might have to be adopted by the weaker European participants.

President Carter is understood to have secured an EEC undertaking to keep Washington closely informed as studies on the plan progress. Mr. Michael Blumenthal, the U.S. Treasury secretary, said that President Carter could not be expected to endorse the EEC programme before the details had been worked out. He said the Administration would want to know a great deal more before it would be prepared to comment. The Treasury Secretary stressed these views to fellow finance ministers at a private dinner last night.

Japanese fears

A somewhat wary attitude towards the Bremen scheme has also been taken by Japan. Mr. Takeo Fukuda, the Japanese Prime Minister, questioned his colleagues closely on whether the plan would be backed by sufficient resources to withstand exchange market strains, and whether the balance of payments and inflation differentials be*tween the participating countries* could be reconciled successfully.

Japan fears that, if the scheme is effective, it could renew pressure on the yen by preventing speculative movements from dollars into the stronger European currencies.

In contrast to the cautious British approach towards the whole issue of currency stabilisation, France has been urging its EEC partners here to press ahead as rapidly as possible with the implementation of the Bremen proposals. M. Rene Monory, the French Economics Minister, emphasised at last night's dinner President Giscard d'Estaing's personal commitment to the idea.

While Chancellor Helmut Schmidt appeared to be the moving force behind the scheme up to the Bremen EEC summit 10 days ago, President Giscard has made the running here. He argues that the Franco-German plan should be put into effect as soon as possible, even if all *members are not ready to take* part.

Herr Schmidt on the other hand apparently attaches more importance to bringing in all the Nine from the start. He has also taken greater pains to reassure American sensibilities.

Continued from Page 1

Bonn summit pledges

JAPAN: Mr. Fukuda has reiterated promises to increase urgently imports of enriched uranium, civil aircraft and crude oil. There were unconfirmed report here tonight that at least some of the oil might come from Alaskan production.

He also pledged "unusual measures" to ensure that export volume in the current fiscal year was kept at the 1977 level, but warned that this would only be possible if other industrialised countries reduced their rates of inflation.

He reaffirmed his commitment to a 7 per cent economic growth rate this year, mainly through the expansion of domestic demand. He would decide in August or September whether additional measures were needed to attain this aim.

FRANCE: President Giscard d'Estaing agreed to increase the budget deficit this year by the equivalent of 0.5 per cent. of gross national product, while pursuing anti-inflationary policies.

ITALY: Sig. Giulio Andreotti undertook to raise growth rate next year by 1.5 percentage points over this year. This would be done by cutting public current expenditure while stimulating investment.

CANADA: M. Pierre Trudeau promised to increase output growth up to a rate of 5 per cent. annually.

BRITAIN: Mr Callaghan merely pledged to continue the fight *against inflation while referring* to the fiscal stimulus supplied already under the spring Budget. This amounts to more than 1 per cent of gross national product.

In an effort to drive home the seriousness of their pledges, the leaders have agreed that a monitoring mechanism should be set up to review progress made in implementing them.

The first formal review will take place towards the end of this year and a further summit is due to be held some time next summer, probably in Tokyo.

However, plans for a similar monitoring system were agreed at the London summit in May of last year, and the review the following November merely took note of the seven countries' failure to carry out undertakings to achieve specific growth targets.

In response to European concern about security of nuclear fuel supplies, the U.S. and Canada expressed their firm intention to continue as reliable suppliers of fuel within the framework of effective safeguards.

The leaders' lengthy discussions of protectionism concluded with a statement of their *determination to complete the* current Tokyo round of multilateral trade negotiations by December 15 this year, even though "some difficult and important issues remain unresolved."

European pressures on the U.S. to align its countervailing duty laws with GATT rules were alluded to in a general undertaking that countries would move as quickly as possible to conform with GATT.

The leaders all laid particular importance in their closing Press conference on the need to improve relations between industrialised countries and the third world.

Japan repeated earlier pledges to double official development aid within three years, but failed to specify whether this increase would be in terms of dollars or of yen.

Retail sales nearing peak 1973-4 levels

BY DAVID FREUD

RETAIL SALES continued to advance last month, and are now approaching the peak levels of 1973 and 1974.

It is also beginning to look as if the worst fears of some forecasters—that any increase in spending would suck in imports of finished consumer goods—are exaggerated.

The increase in retail sales over the first half of the year is *paralleled by a similar gain in* industrial output, while imports of finished goods have risen by much less than imports by industry direct of capital goods, semi-manufactured and raw materials.

The index of the volume of retail sales for June rose 0.6 per cent to 109 (1970=100, seasonally adjusted) according to provisional estimates by the Department of Trade.

The underlying trend on a three-monthly basis shows that retail sales in the second quarter were 1.5 per cent above the January-March period.

This increase is in line with that for industrial production. Figures for this are available only up to May, but the March-May total was 1.3 per cent above the previous three months.

A breakdown of imports into consumer and non-consumer goods, completed up to May, *shows that imports of consumer* goods rose by 14 per cent from the base of the last quarter of 1977 to May; capital goods imports were up 5 per cent; while other finished goods, imported by manufacturers, were up 27 per cent.

Retail sales in the first half of the year were 4.2 per cent above the same period last year and 3.5 per cent above the average for 1977 as a whole.

Retailers are confident that this means the 1978 total will achieve the rise of 5 per cent over 1977 they have been predicting. This will raise the index close to the peak level of 1973, when the average index for the year was 110.3.

The retail sales index is likely to rise again in July due to the tax rebates stemming from the introduction of the new 25 *per cent tax rate. The rebates* are expected to inject about £450m into the economy.

Another boost to sales should come in November when about £300m will be paid in tax rebates arising from the main Tory Finance Bill amendments which cut the standard rate and raised the threshold for the higher rates.

RETAIL SALES

		Volume 1971=100 (seasonally adjusted)	Value percentage change compared with a year earlier (not seasonally adjusted)
1977	1st	103.3	+14
	2nd	102.5	+13
	3rd	104.3	+15
	4th	104.4	+13
1978	1st	106.3	+13
	2nd	108.1*	+15*
1978	Mar.	107.0	+15
	April	106.7	+15
	May	108.4	+15
	June	109.0*	+15*

* provisional estimate

Source: Department of Trade

Thatcher takes tough line on dissidents

BY RICHARD EVANS, LOBBY EDITOR

MRS. MARGARET THATCHER, Conservative leader, called last night for a wide-ranging embargo against Russia, including severance of trade relations, unless there was a change of attitude towards dissidents in the Soviet Union and towards Communist infiltration in Africa.

Her remarkably tough attitude, spelled out during an interview on the BBC-1 Panorama programme, went far beyond her previous comments on the Russian danger, and the subject could become a live issue in a General Election campaign.

Mrs. Thatcher's specific proposal was that the West should make far greater use of the very powerful weapons it possessed, particularly in the field of trade.

She suggested that the export of food and technology and the *supply of cheap credit should be* banned if the Russians refused to honour their commitment to improve human rights, or did *not end their political takeover* via the Cubans in Africa.

"We should jointly consider cutting some of these things off if Russia goes on behaving as she has done . . . we are not without cards to play and we must make it clear to the Russians and Cubans that enough is enough," Mrs. Thatcher declared.

It was ridiculous to see the Soviet Union building up arma*ments for attack and, at the same* time, give the Russians food and technology. The alternative to *action was to do nothing and to* act as a doormat.

The West was a far wealthier group of nations than the Warsaw Pact countries, but at the moment it was too frightened to do anything. What it lacked was leadership.

In a 50-minute interview an aggressively confident Mrs. Thatcher, ranged over the whole field of politics and made it clear she would avoid a pact with any other party after the General Election if she possibly could.

The clear inference was that should the Tories be returned as the largest party but without an overall majority, Mrs. Thatcher might press ahead alone for some motnhs until she could call another election, in the hope of securing a gerater grip on power.

In particular, the Tory leader did not think any arrangements with the Liberals would be necessary. While she could rule out nothing in politics she would be "very unwilling" to negotiate a Lib-Con pact.

Asked if she could promise Mr. Edward Heath a place in her Cabinet, Mrs. Thatcher hedged by saying that the Cabinet would not be chosen until she had won the General Election but she referred to Mr. Heath specifically in the context of the Foreign Secretaryship.

Brezhnev's likely successor dies

BY DAVID SATTER — MOSCOW, July 17.

MR. FYODOR KULAKOV, widely considered the most likely eventual successor to Mr. Leonid Brezhnev, as Soviet Union President, died today at the age of 60, the Tass news agency announced.

No cause of death was given. Mr. Kulakov was not known to have had health problems. Tass said he died suddenly. His funeral is to be held in Red Square, an honour *granted only to the Soviet's* most prominent figures.

Mr. Kulakov's death, besides creating the first Politburo vacancy since the removal of Nikolai Podgorny, the former Soviet President, in May, 1977, further complicates the question of who will eventually succeed Mr. Brezhnev.

The official announcement of Mr. Kulakov's death expressed "deep sorrow" and described him as "a noted figure of the Communist Party and Soviet state."

He seems to have become a more public figure in recent years than either Mr. Vladimir Shcherbitsky, Ukrainian party chief, or Mr. Grigory Romanov, Leningrad party leader, the only two Politburo members of comparable age and strategic political position.

A full Poliburo member since 1971, Mr. Kulakov had overall responsibility for agricultural policy until 1976 when his duties appeared to widen.

Mr. Fyodor Kulakov

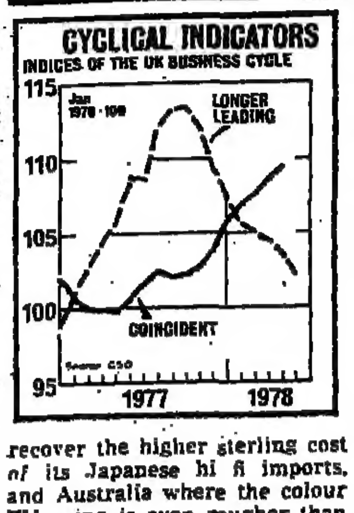
He addressed the Moscow meeting commemorating the 59th. anniversary of the October revolution in 1976, a singular honour for one of the younger Politburo members and recently received a Hero of Socialist Labour award. In June, he was given the sensitive assignment of representing the Kremlin at the Yugoslav Communist Party congress.

THE LEX COLUMN

Hidden growth at Rank

The reaction of the foreign exchange market to yesterday's summit communiqué will be crucial for the stock market: any show of strength by the dollar, in particular, would be unlikely to go down very well with gilt-edged. Much more important yesterday was the purely domestic move to ease the current money market squeeze by delaying the special deposits recall until September. So equities extended their recent rise nearly 5 points further, while in gilts the long tap may be within ½ or ¾ of the Government broker's next price. The question now is whether sterling holds up well enough to encourage the authorities to order the long encamped Duke of York down the hill a bit by easing MLR, in the hope of stimulating demand.

Index rose 4.9 to 479.3



Rank Organisation

A firm underlying trend in profits at the Rank Organisation is being hidden by currency movements, and the group will be pressed to match last year's reported total of £134.5m during 1977-78. At the half-way stage, profits are down by £3.5m at *£57.5m pre-tax.*

The key lies at the Rank Xerox associate, where the effect of currency swings has been to reduce the figures so far by £13m compared with a year ago. The U.S.-style method of currency translation, FAS 8, inflated profits at RX by some £29m during 1976-77, but will have a broadly neutral impact this year. The upshot is that although its underlying profits are about 12 per cent up, the Rank Organisation's share is down from £60.5m to £53.6m so far.

Meanwhile, non-Xerox profits are up from £612,000 to £3.9m pre-tax. About half the improvement stems from lower finance costs following a fall in group borrowings, and other *positive factors include substan*tially higher revenues from the cinemas and lower losses at Rank Radio International. This business is on budget with its recovery programme, and is still discussing with the Japanese the future of its TV manufacturing operation. Trading profits in the current half will get a further boost from the hotels and Butlin's, where bookings are running ahead of target.

The two weak spots are Audio Visual, which is finding the competition too fierce to recover the higher sterling cost *of* its Japanese hi fi imports, and Australia where the colour TV going is even rougher than feared. But it may now have passed the worst—and anyway profits were already beginning to slide away during the second half of last year.

All this adds up to relatively uninspiring short term prospects for the shares at 246p, where this year's p/e could be *about 7½ and the historic yield* is 4.9 per cent. However RX should be capable of maintaining its underlying performance at least during 1978-79, with a rising proportion of direct sales and the 9200 series moving into profits.

First Boston/CSWW

The news that First Boston and Credit Suisse White Weld are planning to take a stake of around one third in each other's organisations makes a lot of sense. While First Boston probably ranks on a par with Goldman Sachs and Morgan Stanley in the U.S. market, its international operations (which account for some 15 per cent of its revenues) have not been particularly successful to date.

*By contrast CSWW has estab*lished itself in less than eight years as one of the leading houses in the Euromarkets. It is one of the top lead managers of Eurobond issues. However, the loss of its link with White Weld, following the latter's acquisition by Merrill Lynch earlier this year, has put it at a disadvantage in the U.S. market. Consequently, the two firms seem to complement each other and for First Boston there is the added bonus that it might get an injection of over $30m of extra capital.

Although both compa[nies] have roughly the same net w[orth] of around $90m, CSWW is at present the more profita[ble] of the two. In its last finan[cial] year its net income of appr[oxi]mately $15m compares [with] First Boston's $3.3m in [...] (and a first quarter loss [of] $685,000 in 1978).

Standard Chartered

Standard Chartered's bala[nce] sheet will be exami[ned] especially carefully in the li[ght] of the plan to spend $372m [on] Union Bancorp. It emerges t[hat] SC's free equity ratio was more than maintained last y[ear] at 2.4 per cent but the ove[rall] free capital ratio was boo[sted] from 2.5 to 3.3 per cent [...] deposits thanks to two issue[s of] subordinated currency debt.

With gearing still relati[vely] modest it looks as though [the] group hopes to finance a la[rge] part — perhaps half — of [the] purchase through loan cap[ital] and existing resources sho[uld] cope with most of the rest. [This] still leaves a modest gap, [but] *it is unlikely that SC will r[un]* to the equity market — [or] alone into a closer relations[hip] with Midland Bank — w[hile] *there is time for some ot[her]* solution to turn up. It must [be] remembered that the deal [is] unlikely to be completed bef[ore] the beginning of next y[ear] while the Californian operat[ions] will not be consolidated bef[ore] the end of 1979.

Montague L. Meyer

Pre-tax profits of Monta[gue] L. Meyer, the largest of UK timber groups, have fa[llen] by nearly a tenth to £13.[...] on turnover increased by £[...] to £247m. This is still be[tter] than the performances mana[ged] by International and Bam[ber]gers over the same 12 mo[nth] period. So Meyer has been h[old]ing its own in softwo[od de]liveries and gained a fr[action of] market share.

However, with timber [...] well down because of [...] demand and currency fac[tors] (Scandinavian devaluation not helped) the group has gained a significant amount [of] stock appreciation relief: he[nce] a higher tax charge. T[his,] together with the stock los[ses,] have sliced 40 per cent [off] attributable profits. But un[der] Hyde taxable profits are hig[her] than the historic cost versi[on] due to a positive cost of sa[les] adjustment. At 81p the sha[res] should settle at around pres[ent] levels.

Weather

UK TODAY

MOSTLY dry.

London, S.E., S.W., Cent. S. England, Channel Isles
Mostly dry, sunny periods. Max. 20C (68F).

E. Anglia, Midlands, E., Cent. N. England
Dry, *sunny periods*. Max. 21C (70F).

Wales, N.W. England, Isle of Man
Perhaps some rain later. Max. 18C-19C (64F-66F).

N.E. England, Borders, Edinburgh, Dundee, Aberdeen
Mainly dry, sunny intervals developing. Max. 19C (66F).

S.W. Scotland, Glasgow, N. Ireland
Occasional rain, becoming dry in most areas. Max. 15C (59F).

Central Highlands, Moray Firth, N.E., N.W. Scotland, Argyll, Orkney, Shetland
Occasional rain, becoming mainly dry. Max. 12C-14C (54F-57F).

Outlook: Mostly dry. Sunny periods. Occasional rain in N.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstrdm.	S	16	61	Luxembrg.	S	19	66
Athens	F	29	84	Madrid	S	32	90
Bahrain	S	39	102	Manchstr.	S	19	66
Barcelona	S	28	82	Melbourne	R	9	48
Belfast	C	13	55	Milan	S	28	82
Belgrade	F	25	77	Montreal	S	24	74
Berlin	F	20	68	Munich	F	21	70
Birmnghm.	F	20	68	Newcastle	C	18	64
Bristol	F	22	72	New Delhi	R	25	77
Brussels	C	17	63	New York	C	23	74
Budapest	C	22	72	Oslo	S	19	66
B. Aires	S	13	55	Paris	C	21	70
Cairo	S	38	100	Perth	R	16	61
Cardiff	F	19	66	Prague	F	19	66
Chicago	S	24	75	Reykjavik	C	[illegible]	[illegible]
Cologne	S	16	61	Rio de J'o	S	25	77
Copnhagn.	F	16	61	Rome	S	29	84
Dublin	F	15	59	Singapore	S	30	86
Edinburgh	C	13	55	Stockholm	C	15	59
Frankfurt	F	19	66	Strasbrg.	F	23	73
Geneva	S	26	79	Sydney	F	[illegible]	[illegible]
Glasgow	C	11	52	Tehran	S	30	86
Helsinki	C	13	55	Tel Aviv	S	29	84
H. Kong	S	31	90	Tokyo	C	29	84
Jo'burg	S	11	[illegible]	Toronto	S	23	74
Lisbon	S	25	77	Vienna	F	25	77
London	F	20	68	Zurich	S	25	77

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	29	84	Las Plms.	F	29	84
Algiers	S	37	99	Locarno	S	27	81
Biarritz	C	19	66	Luxor	F	41	106
Blackpool	F	16	61	Majorca	S	26	79
Bordeaux	F	21	70	Malaga	S	24	75
Boulogne	F	20	68	Malta	S	29	84
Casblnca	S	[illegible]	[illegible]	Nairobi	S	20	68
Cape Tn.	F	17	63	Naples	S	29	84
Corfu	S	31	88	Nice	S	25	77
Dubrovnik	S	29	84	Nicosia	S	32	90
Faro	S	34	93	Oporto	S	21	70
Florence	S	32	90	Rhodes	S	29	84
Funchal	S	29	84	Salzburg	S	25	77
Gibraltar	S	25	77	Tangier	S	27	81
Guernsey	F	20	68	Tenerife	S	24	75
Innsbruck	F	24	75	Tunis	S	27	81
Inverness	F	15	59	Valencia	F	29	84
Is. of Man	F	17	63	Venice	F	27	81
Jersey	S	22	72				

S—Sunny F—Fair. C—Cloudy R—Rain

Continued from Page 1

State pay

leave them nothing for introducing flexibility.

Private sector industrialists do not agree with this view. Some fear that by specifying the amount to be used to introduce flexibility into pay structures, the Government would be increasing the rigidity of negotiations. They would rather have both amounts added together to make a single figure which individual companies could then split.

The confederation, therefore, is unlikely to back the nationalised industry chairmen since its main concern is that the new policy should be as flexible as possible. The chairmen's ideas might also be opposed by union leaders if it meant that there would have to be detailed vetting of pay deals to ensure the specified amount was used for flexibility.

On pay sanctions, the confederation will be starting detailed negotiations on precise wording if, as seems likely, the Government intends to continue with the present system. However, it is not clear whether the Government intends to spell out in its White Paper precisely how the sanctions system works or whether it will leave the issue vague.

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